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Enabling Environment for Sustainable Enterprises



International
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Enabling Environment for Sustainable
Enterprises in Sierra Leone

2019



International
Labour
Office
Geneva

2019

The enabling environment for sustainable enterprises in Sierra Leone

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Foreword

In June 2007, the International Labour Conference (ILC) as part of its Agenda, discussed the promotion of sustainable enterprises. The conclusions of this discussion as agreed by the ILO's tripartite constituents namely governments, employers' and workers' organizations provided an important contribution to the promotion of enterprise development in a manner that aligned enterprise growth with sustainable development objectives and the creation of productive employment and decent work.

The ILC Sustainable Enterprise conclusions called for the strengthening of the institutions and governance systems that nurtured enterprises. It is widely acknowledged that strong and efficient markets need strong and effective institutions. Promoting sustainable enterprises is also about ensuring that human, financial and natural resources are combined optimally and efficiently in order to spur innovation and increase productivity. It is also about ensuring that an appropriate enabling environment that facilitates the growth of sustainable enterprises is in place. To this end, the ILO has in the past years developed and refined a methodology on how to assess the Enabling Environment for Sustainable Enterprises (EASE).

Within the framework of its ongoing support to the promotion of Micro, Small and Medium Enterprises (MSMEs) and in line with its mandate to contribute to a conducive environment for sustainable enterprises, the ILO collaborated with the Ministry of Trade and Industry and the social partners to undertake an assessment of the business environment. This was done using the ILO methodology, with the objective of identifying possible constraints and areas needing improvement. This report is the outcome of the assessment and is designed to stimulate debate and to provide evidence for policy reforms towards putting in place an environment more conducive to the promotion of sustainable enterprises in Sierra Leone. In particular, this report has been used to identify priority areas for legal, policy and institutional reforms.

The EASE assessment and the final report have greatly benefited from inputs from tripartite participants which were provided during two national workshops held in October 2017 and October 2018, respectively. The EASE assessment informed the development of a tripartite action plan on (i) the enabling legal and regulatory environment; (ii) education, training and lifelong learning, and (iii) access to financial services.

The EASE assessment was carried out under the technical supervision of Judith van Doorn, Small and Medium Enterprises (SME) Unit, ILO Geneva. In-country technical support and facilitation of the process was provided by Paul Mayanja, Project Manager in Sierra Leone.

Special appreciation is due to Frontier Research for the survey among enterprises and workers, to Alice Tall for the literature review, to Saumya Premchander for drafting the final report and to Julie Kazagui, Celine Peyron Bista, Kagisanyo Kelobang, Fabio Duran Valverde, Valerie Breda, Charleine Mbuyi-Lusamba, Federico Negro and Severine Deboos for the technical review of the final report.



Dennis Zulu

Director
ILO Country Office for Nigeria,
Ghana, Liberia & Sierra Leone



Hon Peter Bayuku Konteh

Minister of Trade and Industry
Government of Sierra Leone

Contents

Foreword	iv
Abbreviations and Acronyms	vii
Executive summary	x
1. Introduction	1
2. Political elements.....	8
2.1. Peace and political stability	9
2.2. Good governance.....	12
2.3. Social dialogue	18
2.4. Respect for universal human rights and international labour standards.....	21
3. Economic elements	27
3.1. Sound and stable macroeconomic policy and good management of the economy ..	30
3.2. Trade and sustainable economic integration	38
3.3. Enabling legal and regulatory environment	45
3.4. Rule of law and secure property rights.....	55
3.5. Fair competition.....	62
3.6. Information and communication technologies	65
3.7. Access to financial services	72
3.8. Physical infrastructure	80
4. Social Elements	86
4.1. Entrepreneurial culture	87
4.2. Education, training and lifelong learning.....	90
4.3. Social justice and social inclusion	97
4.4. Adequate social protection.....	101
5. Environmental elements	104
5.1. Responsible stewardship of the environment.....	105
6. Assessment results and ways forward	109
Bibliography	112

Abbreviations and Acronyms

ACE	Africa Coast to Europe
ACC	Anti-Corruption Commission
AfDB	African Development Bank
AIDI	African Infrastructure Development Index
APC	All Peoples Congress
ASI	Adam Smith International
AYSCUDA	Automated System for Customs Data
BSL	Bank of Sierra Leone
CBA	Collective Bargaining Agreement
CBE	Census of Business Establishment
CCPP	Competition and Consumer Protection Policy
CENSAD	Community of Sahel-Saharan States
CPD	Continuous Professional Development
CPIA	World Bank Country Policy Institutional Assessment
DFID	Department for International Development
DTIS	Diagnostic Trade Integration Study
EBW	Ebola Response Workers
ECOWAS	Economic Community of West African States
EESE	Enabling Environment for Sustainable Enterprises
EITI	Extractive Industries Transparency Initiative
EPI	Environmental Performance Index
EU	European Union
EVD	Ebola Virus Disease
FDI	Foreign Direct Investment
FHCI	Free Health Care Initiative
GATT	General Agreement on Tariffs and Trade
GBV	Gender Based Violence
GDP	Gross Domestic Product
GoSL	Government of Sierra Leone
HRCSL	Human Rights Commission of Sierra Leone
HRW	Human Rights Watch
ICT	Information and Communications Technology
IDI	ICT Development Index

IDPs	Internally Displaced People
ILC	International Labour Conference
ILO	International Labour Organization
ILS	International Labour Standards
IRIC	Regional Informal Competition Intensity
IMF	International Monetary Fund
JNNB	Joint National Negotiating Board
JRSRIP	Justice Sector Reform Strategy Investment Plan
LFPR	Labour Force Participation Rate
MCC	Millennium Challenge Corporation
MRU	Mano River Union
MTI	Ministry of Trade and Industry
NaCSA	National Commission for Social Action
NASSIT	National Social Security and Insurance Trust
NEC	National Electoral Commission
NGO	Non-Governmental Organisation
NPRC	National Provisional Ruling Council
NRA	National Revenue Authority
NSFI	National Strategy for Financial Inclusion
OECD	Organisation for Economic Co-operation and Development
OGI	Open Government Initiative
OPEC	Organization of the Petroleum Exporting Countries
PAYE	Pay As You Earn
PFM	Public Finance Management
PPRC	Political Parties Registration Commission
PRSP	Poverty Reduction Strategy Paper
PSDSP	Private Sector Development Strategy Programme
SLBF	Sierra Leone Business Forum
SLEF	Sierra Leone Employers Federation
SLIEPA	Sierra Leone Environmental Protection Agency
SLIEPA	Sierra Leone Export Promotion Agency
SLIPO	Sierra Leone Intellectual Property Organisation
SLLC	Sierra Leone Labour Congress
SLLCP	Sierra Leone Local Content Policy

SLICA	Sierra Leone Local Content Agency
SOBA	Sierra Leone Opportunities for Business Action
SLPP	Sierra Leone People’s Party
SME	Small and Medium Enterprises
SSNP	Social Safety Net Programme
TVET	Technical Vocational Education and Training
UN	United Nations
UNDP	United Nations Development Programme
UNEP	United National Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNIDO	United Nations Industrial Development Organization
USD	US Dollar
VAT	Value Added Tax
WAPP	West African Power Pool
WB	World Bank
WGI	Worldwide Governance Indicators
WIPO	World Intellectual Property Organization
WTO	World Trade Organization

Executive summary

In June 2007, the International Labour Conference (ILC) discussed the promotion of sustainable enterprises calling for the strengthening of the institutions and governance systems that nurture enterprises. Strong and efficient markets need strong and effective institutions. Promoting sustainable enterprises is about sustainable development where economic, social and environmental outcomes are pursued, and where human, financial and natural resources are combined equitably and efficiently in order to achieve innovation and enhanced productivity.

The assessment described in this report is based on secondary data, a literature review, a survey of employers and workers in Sierra Leone and technical inputs provided by representatives of tripartite stakeholders.

To further enhance the readability of the report, summaries have been included at the beginning of each chapter (see page 7 for political elements, page 24 for economic elements, page 81 for social elements, and page 99 for environmental elements) with a graphical presentation of the most relevant indicators for the respective chapter comparing Sierra Leone to Rwanda, Ghana and Ivory Coast.

Political elements

Sierra Leone gained independence from the UK in 1961. After years of single-party rule, and military coups, a decade-long civil war broke out, which lasted till the early 2000s. The many years of unrest have had a devastating impact on growth and the political climate in Sierra Leone. General elections were held in 2002, 2007, 2012 and 2018, with smooth democratic transitions of power, though a few allegations of interference have emerged. The outbreak of Ebola Virus Disease exposed the weaknesses of governance mechanisms in Sierra Leone.

Corruption is a major challenge, and despite measures to improve revenue transparency natural resources governance indicators are weak. High corruption perception indicators may hinder the country's ability to channel donor funds. The Anti-Corruption Act was reinforced after the 2007 elections but a lot of work on enforcement remains to be done. Sierra Leone joined the Extractive Industries Transparency Initiative in 2006, but it only became an active member in 2011 with the publication of its first annual report: natural resources governance indicators require strengthening.

The Sierra Leone Business Forum was introduced in 2007 with the objective to contribute to the improvement of the business environment through an established channel of communication between the government and the private sector. Employers are represented by the Sierra Leone Employers Federation. The right to collective bargaining is protected by law and trade unions have been active for decades; the informal sector has two main trade unions. As collective bargaining agreements cover workers in the formal sector they cover less than 2% of the total workforce.

Sierra Leone has ratified all of the ILO's fundamental conventions but there is a deficit of labour related legislation. Sierra Leone has adopted seven of the nine main international human

rights conventions; it has yet to ratify the 2003 International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families and International Convention for the Protection of All Persons from Enforced Disappearance of 2010. The constitution protects many categories of human rights such as the freedom of individuals, of the press and freedom of association; the protection from arbitrary detention, discrimination and forced labour; and property right. Protections for women remain incomplete, and poorly enforced. Forced labour and labour trafficking are serious problems, as is child labour.

Economic elements

The impact of the decade-long civil war has been severe on Sierra Leone's economy. There has been some recovery but the lack of inclusive growth remains an important issue. Economic growth has been rather dynamic, post-war/pre-Ebola, but its impact on job creation and poverty has been marginal: 20% of the population generates 50% of the country's income.

The third and latest Poverty Reduction Strategy Paper, the Agenda for Prosperity 2013-2018, has taken a longer-term approach, and acknowledges the issue of Sierra Leone's structural economic weakness, due to the reliance on extractive industries development. The plan recommends a shift towards agricultural development and regional integration. The tertiary sector, comprised of tourism, trade, transport, communication, finance and others, is the second most important sector in Sierra Leone, amounting to 35.3% of the national GDP in 2015. The recent drop in iron ore prices, as well as the outbreak of Ebola Virus Disease in 2014 have stunted the economy.

Imports to Sierra Leone outweigh the exports, with food, fuel, clothing and vehicles all being imported. The European Union (EU) is the country's largest buyer at about 80% of Sierra Leone's exports on average. Regional integration and trade are important for growth, which is also recognized by Sierra Leone EESE Survey respondents. Import and export regulations in Sierra Leone can be burdensome to enterprises, especially with regards to the paperwork and costs at the border. The Automated System for Customs Data was adopted in 2010 to help streamline cross border trade.

The 2004 Investment Promotion Act promotes FDI in Sierra Leone by creating attractive conditions for investment but Ebola has hampered this. In the World Bank 2018 report, Sierra Leone had a Doing Business ranking of 160 out of 190 countries. In comparison with other Sub-Saharan African countries, Sierra Leone scores well on the easiness of starting a business. Yet from the Sierra Leone EESE Survey we see that approximately 69% of small businesses expressed the opinion that the regulatory environment is either 'a major obstacle' or 'sometimes a hindrance' for them.

Sierra Leone has a legislation system composed of English common law and customary law, where the former takes precedent over the latter. Intellectual property rights implementation in Sierra Leone remains a challenge due to low capacity for enforcement and limited awareness about the issue. A majority of Sierra Leone EESE Survey respondents were sceptical about the police's ability to protect their businesses from criminal behaviour.

In 2012, the government implemented the Competition and Consumer Protection Policy but related laws to protect competition are yet to be enacted. In 2012, based on World Bank databank data the New Business Density was 0.32 i.e. the proportion of newly registered, limited liability companies per 1000 working age people (15 to 64 years old), in Sierra Leone, while that for the World was 3.71. In general the private sector is underdeveloped. Since the late 2010s, the GoSL has engaged in a large-scale campaign of privatisation of the ICT sector.

ICT is probably the most promising infrastructure sector in Sierra Leone. In comparison internet usage remains underdeveloped. In 2015 barely 3% of the population had access to broadband internet.

The lack of access to finance is the main obstacle to entrepreneurship and SME development in Sierra Leone. There were approximately 197,000 commercial bank accounts in Sierra Leone in 2008, and the country's bank branch penetration was the lowest of the continent. In 2014, 13.7% of adults had bank accounts. The mobile money transfer market has huge growth potential. The Sierra Leone EESE Survey found that approximately 56% of respondents stated that policies of the financial sector were either 'not conducive' or 'hardly conducive' to small enterprise growth.

Public services in Sierra Leone are among the costliest in Africa whilst their penetration rates are among the lowest on the continent. Migration from rural areas to urban centres has put a strain on existing infrastructure. Less than 10% of the existing road network is paved. Improvements to transport infrastructure would support the growth of the agricultural sector.

Social elements

Sierra Leone is a high risk environment for entrepreneurs, in terms of peace and security, health, natural disasters, vulnerability to global commodity prices, and other factors. Additionally the cultural environment with respect to entrepreneurial behaviour is not conducive. Huge rates of youth under- or unemployment call for a national shift towards the development of an entrepreneurial culture. Business incubators and private sectors associations have also mushroomed in the past few years. When asked about the most important reasons preventing young people from starting a business Sierra Leone EESE Survey respondents from small enterprises highlighted the lack of access to appropriate funding.

In 2010, over a third of enrolled children aged 7 to 14 years-old combined schooling with an economic activity, whilst two third of unenrolled children lived in rural areas. The outbreak of Ebola had a very negative impact on education. Almost half of the total education budget goes to primary education, at the expense of secondary and vocational training. TVET institutions in Sierra Leone lack qualified and trained staff; adequate facilities and tools; a coordinated national policy to harmonise the curricula; efficient mechanisms of certification, accreditations and examinations and information on other TVET institutions. 63% of the population is below the age of 25, making job creation an acute concern.

Life expectancy has increased by 14 years since 1990. Nearly half of the country's households, 2.5 million people, suffer from seasonal food insecurity and 6.5% of the population-

374,000 people, live in situations of severe food-insecurity. In 2013, 77.5% of the population lived in multidimensional poverty, where their education, health and living standards situations were well below the basic requirement.

Gender inequality is a pervasive issue in Sierra Leone and gender-based violence is prevalent. Women still remain disadvantaged in terms of access to secondary and higher education. Women are less likely to be educated beyond primary school than men, with only 30% of them having done so, compared to 47% of men.

The coverage rate of existing social protection programs in Sierra Leone is low. The sustainability of social assistance schemes is largely subject to donor funding. Contributory social security plans are limited to the formal sector, wherein there are incidences of contribution evasion by some employers. There is a compelling and urgent need to improve the effectiveness and sustainability of existing schemes, as well as to expand cover to the informal sector to ensure the robustness of small and medium enterprises.

Environmental elements

Sierra Leone is naturally endowed with non-renewable and renewable resources such as minerals, oil, gas, water, arable land and forests. It is expected that in the future, Sierra Leone will come to suffer substantially from climate change, most particularly because of its coastal location. Increased and forceful instances of cholera outbreaks may be common, and the fishing sector may be negatively impacted by the effects of global warming on oceans.

The second pillar of the Agenda for Prosperity: 2013-2018 is the sustainable management of natural resources. Within this framework, the GoSL plans to undertake a large-scale inventory of the country's natural resources to come up with a sustainable exploitation strategy. At the moment about 30% of the energy produced in Sierra Leone is renewable.

Forests are mainly threatened by the need for land of the agricultural sector. Agricultural land has expanded by 46% since 1990. In addition, 95% of the population relies on charcoal but also firewood for energy. Finally migration from rural areas and the expansion of urban centres contributes to deforestation to allow for additional residential areas to be constructed.

The final results of the assessment of the enabling environment for sustainable enterprises in Sierra Leone indicate that there is scope for improving the situation in all of the 17 conditions.

1. Introduction

The important role that the private sector plays in social and economic development led the International Labour Conference (ILC) to discuss the concept of sustainable enterprises in June 2007. The promotion of sustainable enterprises ensures that human, financial and natural resources are combined equitably. An environment conducive to the creation and growth of enterprises on a sustainable basis must take into account the three dimensions of sustainable development – economic, social and environmental – as interdependent and mutually reinforcing pillars.

The 2007 ILC adopted conclusions for the promotion of sustainable enterprises and identified 17 conditions for an enabling environment. An environment conducive to the creation and growth of sustainable enterprises combines the legitimate quest for profit with the need for development that respects human dignity, environmental sustainability and decent work. It underscores the principle that sustainable enterprises need sustainable societies and that business tends to thrive where societies thrive and vice versa.

The same conclusions invite the ILO to focus its interventions on practical responses, including tools, methodologies and knowledge sharing, which are relevant to the social partners in their activities. This is why the ILO has developed a methodology to assess the degree to which the 17 conditions for an enabling environment for sustainable enterprises are met in different countries. This report describes the implementation of such an assessment in Sierra Leone and is part of a series of country reports on the same topic. The report covers the political, economic, social, and environmental situation of the enabling business environment in Sierra Leone. The political area comprises four of the 17 conditions, the economic includes eight, the social four, and the environmental dimension consists of one condition.

An assessment of the enabling environment for sustainable enterprises in Sierra Leone meets the existing need in the country to implement policies and strategies for national development. The enabling environment for sustainable enterprises in Sierra Leone was assessed through a careful review of secondary data, a literature review, inputs from tripartite stakeholders, and findings from a national perception survey of workers and employers (including owners and managers of formal and informal enterprises).

Between May and November 2017, several meetings and workshops were held in Sierra Leone focused on the enabling environment for sustainable enterprises, and how micro and small enterprises can get improved access to suitable financial and non-financial services.

Over the course of the ILO's discussions, the national tripartite EESE Task Team established the parameters for the EESE assessment in Sierra Leone and revised the questionnaires for a perception survey. The objective of the survey was to examine the perception of employers, business owners and their employees with regard to the enabling environment that enterprises in Sierra Leone face, with a view to establish an evidence base that can contribute to policy dialogues and changes. During a meeting with the EESE Task Team in October 2017, it was established that the following EESE conditions, sectors and regions would be prioritized:

Table 1: Priority conditions and sectors

EESE Conditions	Sectors	Regions
Respect for Universal Human Rights and International Labour Standards	Agri-business & Fishing Mining Manufacturing Wholesale and retail trade (plus tourism as a sub-sector)	Bo District Western Area (urban and rural) Bombali Kenema Kono
Sound and stable macroeconomic policy		
Trade and sustainable economic integration		
Enabling legal and regulatory environment		
Information communication technologies		
Access to finance		
Physical infrastructure		
Rule of law and secure property rights		
Entrepreneurial culture		
Education, training and lifelong learning		

Survey Methodology

Data for the Sierra Leone EESE survey was collected primarily through face-to-face interviews with SME owners and SME employees using structured questionnaires and key informant interview (KII) guides. Key informant interviews were primarily used to provide greater depth of explanation given during the responses of the close-question survey instruments. During the data collection phase, the response rate in the first week was so low that measures were taken to increase the response rate. These included abandoning a specific sample for firms in the tourism sector. As a consequence, the views from that sector have only been included from the KIIs and not the perception surveys.

A perception survey was administered to employees, where 100 respondents were interviewed in the Western Area. A total of 497 questionnaires were administered to business owners/managers, and distributed proportional to the size of the district, whereas 100 questionnaires were administered to employees in the Western Area. The rationale for administering the workers' questionnaire in the Western Area centered on the concentration of businesses (including large and medium-sized firms) in this district. A total of 35 key informant interviews were conducted with business owners and employees. All interviews were conducted

in first language of the respondents (mostly Krio, but also Mende in the south and east and Temne in the north).

Data was collected in the Western Area, Bo, Bombali, Kenema, and Kono districts. These districts were chosen due to the heavy concentration of commercial activities, and in consultation with the EESE Task Team in Sierra Leone. The Western Area has a significant number of formal and informal enterprises, and it is the nation’s major commercial centre. Bo district is an important business centre in the south, and the most vibrant commercial centre of the region with active number of formal and informal firms. Bombali district is host to a significant cluster of formal and informal firms and manufacturing companies, and the district in the north with the highest number of formal firms. Kenema district, as the regional capital of the east, has large numbers of formalized firms, and a cluster of commercial agriculture businesses. Although Kono has one of the lowest number of formalized firms, the district was chosen because of the presence of significant numbers of artisanal miners and farmers growing cash crops such as coffee and cocoa.

Description of the Sample

Regarding the perception survey conducted among employers, Table 2 shows a distribution of business owners/employers interviewed across the six sampled districts by four sectors. A handful of the sampled businesses do not belong to the five priority sectors considered for this survey. A total of 497 businesses were interviewed. This table also shows the distribution of interviews across districts further broken down by the counts in each district and the percentage value within that sector. For example, in the Wholesale and Retail sector, 59% of businesses interviewed are from the Western Area Urban, 24.78% from Western Area Rural, 10.62% from Bo, 3.24% from Bombali, 1.77% from Kenema and 0.29% from Kono. The table also shows absolute values/counts across all the sites.

Table 2: Distribution of respondents (employers survey)

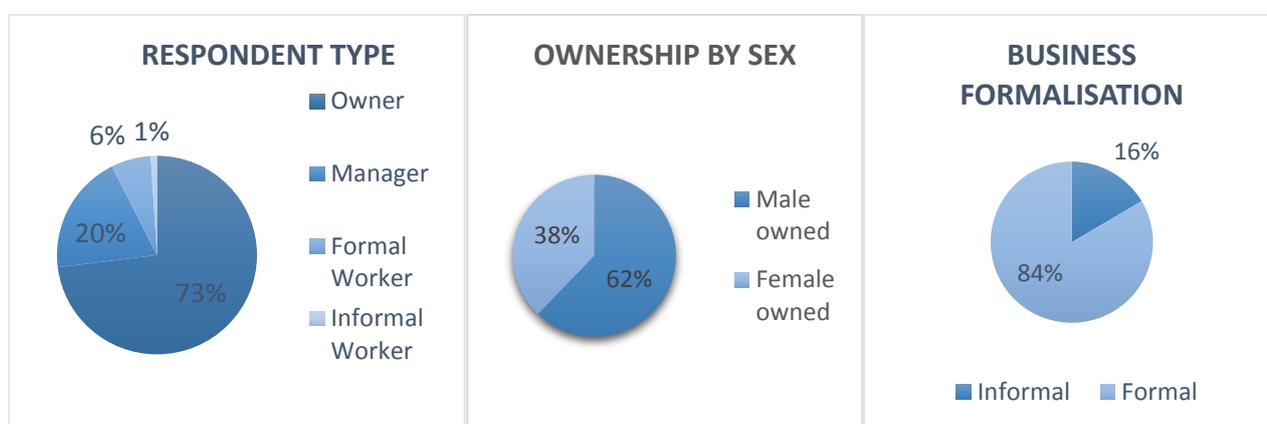
District	Agri-business and fishing	Mining	Manufacturing	Wholesale and Retail Trade	Other	TOTAL
Western Area Rural %	23	6	14	84	0	127
	38.98%	20.69%	26.42%	24.78%	0%	100%
Western Area Urban %	19	8	30	201	17	275
	32.20%	27.59%	56.60%	59%	100%	100%
Bo %	5	2	6	36	0	49
	8.47%	6.90%	11.32%	10.62%	0%	100%
Bombali %	8	0	3	11	0	22
	13.56%	0%	5.66%	3.24%	0%	100%
Kenema %	2	0	0	6	0	8
	3.39%	0%	0%	1.77%	0%	100%
Kono %	2	13	0	1	0	16
	3.39%	44.83%	0%	0.29%	0%	100%
TOTAL %	59	29	53	339	17	497
	100%	100%	100%	100.00%	100%	100%

Source: Sierra Leone EESE Survey

Overall 84% of these businesses are formal businesses, with 16% being informal. In the Sierra Leone EESE Survey, and this composite report, the definition of formal and informal businesses as used by Statistics Sierra Leone is applied, namely that businesses not registered with local or municipal councils are regarded as informal business and vice versa for formal businesses. Using the variable for municipal/local council registration as a criterion, the classification of businesses into formal and informal was done given the fact that municipal/council business registration is the lowest required rung for business formalisation in Sierra Leone.

Business owners were the primary respondents for sampled businesses. Enumerators were instructed to only interview the manager or a knowledgeable staff of the business as a final resort which can either be a manager, formal or informal employee of the business. About 73% of the respondents were business owners, 20% were managers and 6% were knowledgeable formal employees of the business.

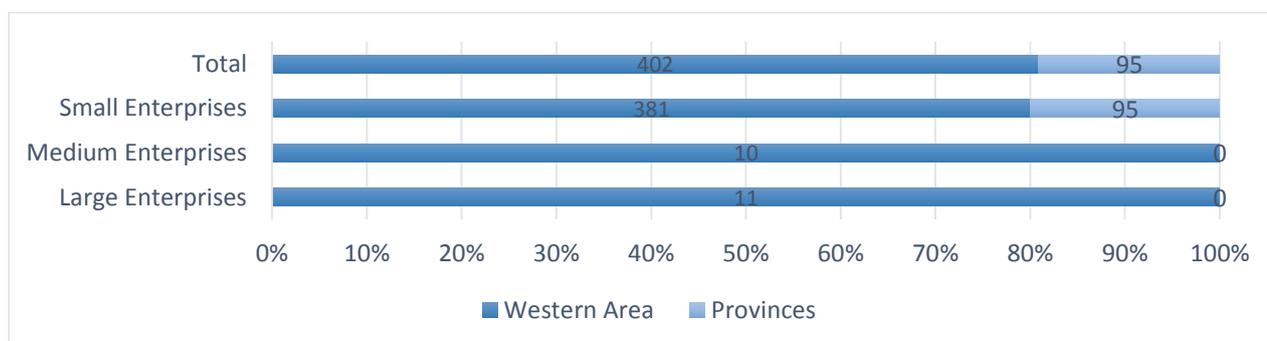
Figure 1: Businesses - basic characteristics



Source: Sierra Leone EESE Survey

Results show that 38% of the businesses interviewed were female owned and 62% male owned. Out of the female owned businesses in the overall sample, it is interesting to note that 79% were in wholesale and retail sector and 13% in agriculture businesses.

Figure 2: Business size and location

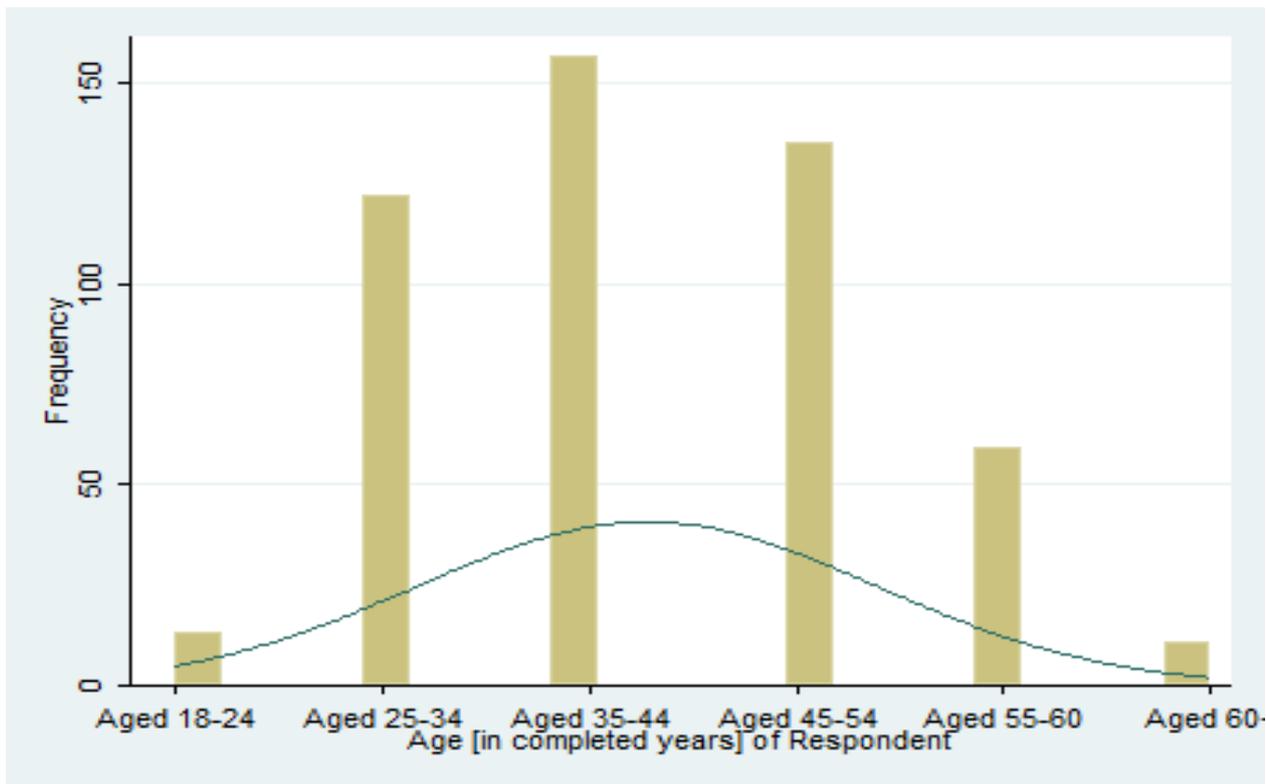


Source: Sierra Leone EESE Survey

Most firms interviewed were located in the Western Area, making up 80% of the total sample. Medium and large enterprises were 100% sampled in Western Area only, with 80% of small enterprises in western area and 20% from provincial sites. Provincial sites include; Bo, Kenema, Kono and Bombali.

About half of the businesses surveyed had been in operation for less than seven years with an average operational age of nine years (the informal and formal businesses surveyed had been in operation for a similar amount of time).

Figure 3: Businesses - age of respondents

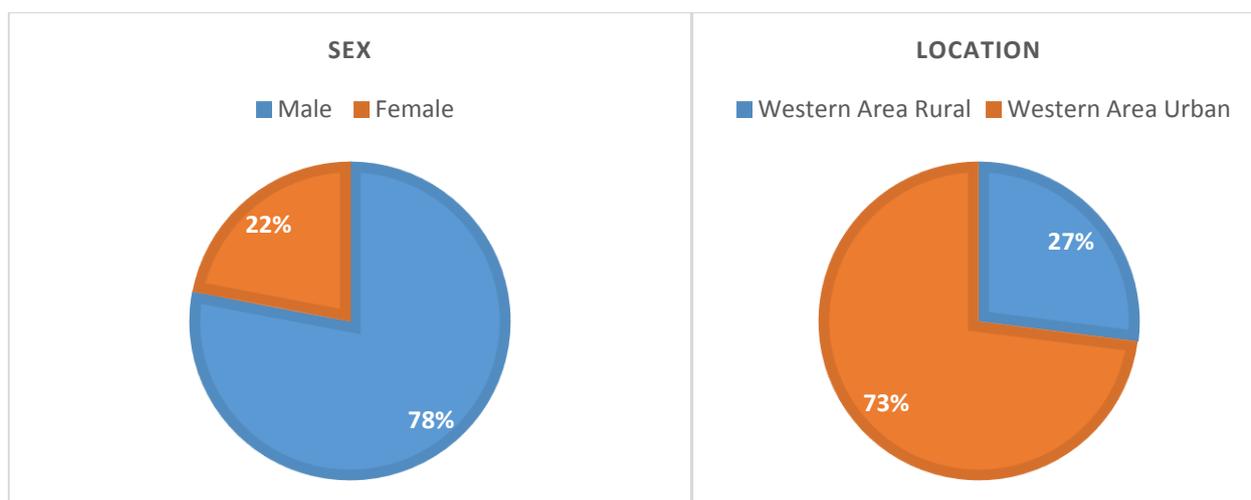


Source: Sierra Leone EESE Survey

Respondents ages were categorised into six main categories to help to better interpret significant variance in sub group analysis and understand homogeneity. From the data collected, 2.62% of the respondents were between the ages of 18-24, 24.55% aged between 25-34 and 31.59% aged between 35-44 (making this the largest category interviewed with about 157 respondents), 27.16% were between 45-54, 11.87% were between 55-60 and 2.21% were 60 plus.

In parallel to the survey of managers and owners of businesses, a perception survey of employees was also administered. In total, 100 individuals were interviewed in the Western Area, and were selected from the list of businesses compiled for the employers' perception survey. From this figure, 78 respondents were men and 22 were women. While the majority (73) were interviewed in Western Area Urban, another 27 interviews were conducted in Western Area Rural.

Figure 4: Employees - basic characteristics



Source: Sierra Leone EESE Survey

Most respondents (56) had attended secondary school, while a further 16 were university graduates and another 16 had received technical and vocational training. The mean age of respondents was 32.56, and the majority (52) of them had worked at the same business for 3 years or less.

To supplement these a total of 30 key informant interviews (KIIs) were conducted: 22 with managers or owners of businesses, and eight with employees. Respondents for the key informant interviews were selected from the names of businesses in the MTI database. Of the 22 KIIs with employers, 11 were held in the provinces and 11 in the Western Area. In addition, informal enterprise owners comprised around 45% of those interviewed, and small and large enterprises were represented equally in the sample.

Table 3: Profile of KII participants – employers

	Agri-business & fishing	Manufacturing	Wholesale & retail	Mining	TOTAL
Formal	5	2	3	2	12
Informal	3	5	2	0	10
Western Area	2	5	2	2	11
Provinces	6	2	3	0	11
Small	4	5	2	0	11
Large	4	2	3	2	11
Male-owned	6	3	4	2	15
Female-owned	2	4	1	0	7
TOTAL	8	7	5	2	22

Source: Sierra Leone EESE Survey

The profile of employee KIIs are presented in Table 3. All employees worked at large enterprises, while their location was split evenly between the Western Area and the provinces.

Table 4: Profile of KII participants – employees

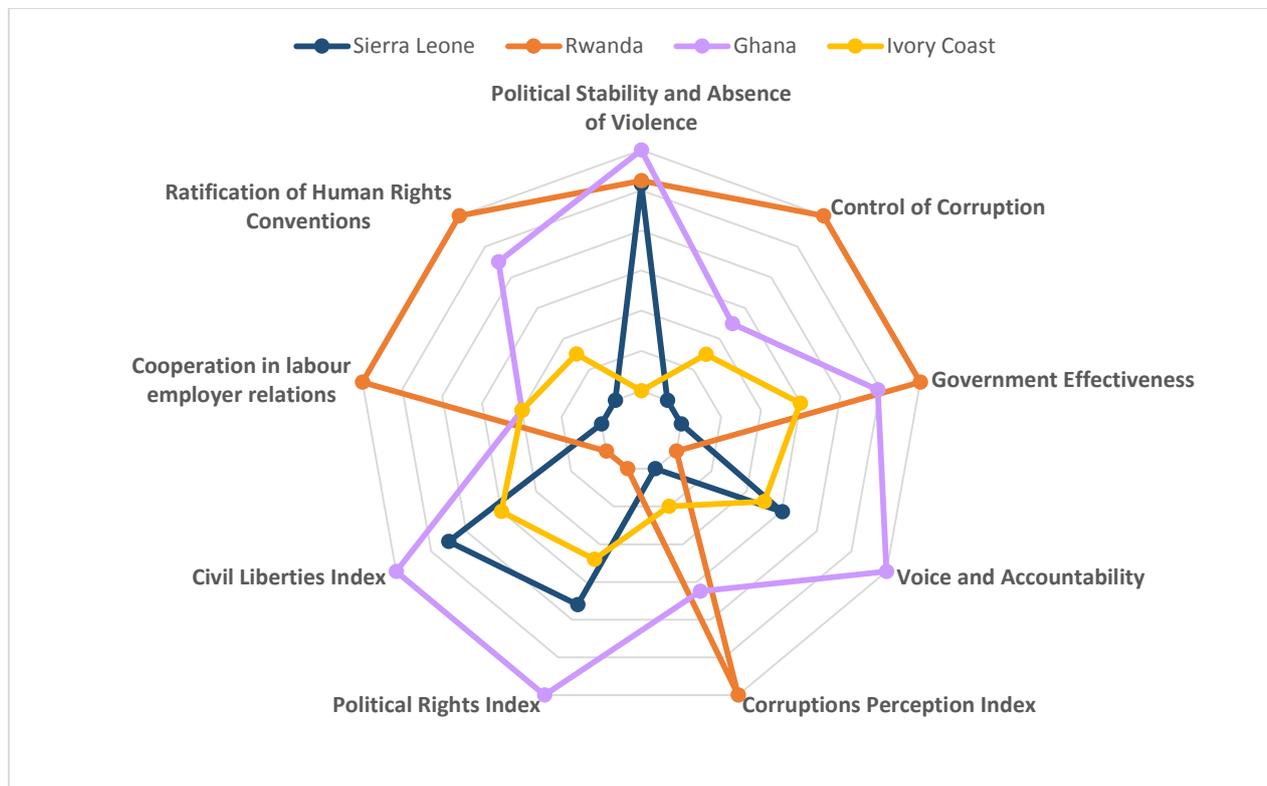
	Agri-business & fishing	Manufacturing	Wholesale & retail	Mining	TOTAL
Western Area	1	1	0	2	4
Provinces	2	0	0	2	4
Small	0	0	0	0	0
Large	3	1	0	4	8
Male-owned	3	1	0	4	8
Female-owned	0	0	0	0	0
TOTAL	3	1	0	4	8

Source: Sierra Leone EESE Survey

The assessment described in the present report has certain shortcomings, which should be kept in mind. Secondary data is not available for some indicators, or if available only for a few years. For instance there is no recent data available on new business density, which indicates the number of newly registered, and limited liability companies per 1000 working age people (15 to 64 years old) in a given year, or data on the Enabling Trade Index.

2. Political elements

Indicators assessing political elements of an enabling environment for sustainable enterprises



Note: the values for the individual indicators have been harmonized for better presentation and formatted so that the further from the centre a data point is, the better the country's performance in that regard. The original indicator values are included in the chapters.

- Sierra Leone gained independence from the UK in 1961.
- The decade-long civil war which lasted till the early 2000s had a devastating impact on growth and political climate in Sierra Leone.
- Multiparty democracy emerged after years of military coups and violent factional struggles.
- General elections were held in 2002, 2007, 2012 and 2018, with smooth democratic transitions of power, though a few allegations of interference have emerged.
- The outbreak of Ebola exposed the weaknesses of governance mechanisms in Sierra Leone.
- Corruption is a major challenge, and despite measures to improve revenue transparency natural resources governance indicators are weak.
- The right to collective bargaining is protected by law.
- As collective bargaining agreements cover workers in the formal sector they cover less than 2% of the total workforce.
- Trade unions have been active for decades, and the informal sector has two main trade unions.
- Sierra Leone has ratified all of the ILO's fundamental conventions but there is a deficit of labour related legislation.
- The constitution protects many categories of human rights but protections for women remain incomplete, and poorly enforced.
- Forced labour and labour trafficking are serious problems, as is child labour.

2.1. Peace and political stability

Peace and political stability are key conditions for the creation and development of sustainable enterprises. The considerable and devastating impact of the decade-long civil war which lasted till the early 2000s cannot be overlooked in evaluating Sierra Leone's political, economic, social and environmental situation. On the whole, the African Development Bank (AfDB, 2015), estimated that, between 2005 and 2014, Sierra Leone performed well, and in fact better than its peers in terms of economic development, governance, economy (stability and competitiveness) and 'green growth'. More recently, Sierra Leone's development trajectory was severely undercut by several external shocks. The downfall of global iron ore prices in 2014 drove the country's real GDP down to -21.1% in the following year (AfDB/OECD/UNDP, 2017). Around the same period, Sierra Leone was hit by the Ebola Virus Disease (EVD), 2014-2016, leading to a crisis which not only paralysed the country but also negatively impacted some of the other progress described above. Sierra Leone is also affected by environmental fragility, as was reflected during the recent mudslide which followed after several days of rain and which caused many fatalities.

Sierra Leone gained independence from the United Kingdom in 1961. By 1978, the country had become a one-party state ruled by the All Peoples Congress (APC). The regime was overrun by a military coup led by the National Provisional Ruling Council (NPRC) in 1992 (Horner, 2001). The latter remained in power until multi-party elections were held in 1996 which were won by the Sierra Leone People's Party. They were overthrown in 1997 by another military coup. Civil war, which had been underway since the early 1990s, persisted until 2002, in spite of peace agreements and several international interventions. The Sierra Leonean state suffered as a consequence of the conflict as well as public services. During the war, violence was commonplace, as well as the use of children soldiers, leading to an extensive death toll and severe socio-economic scars (Horner, 2001).

The war ended in 2002 with a large-scale disarmament program including the rehabilitation of ex-soldiers. Internally displaced people (IDPs) and refugees were resettled, and peaceful democratic transitions have taken place since then. Sierra Leone has made significant improvements in the promotion of peace and resilience as well as in restoring essential public services and infrastructure (AfDB, 2015). For the past decade, Sierra Leone has been relatively stable and peaceful. There is also a general agreement in the international community that the country is undertaking steady progress in becoming a peaceful and stable state (AfDB, 2013a). This progress was most notably illustrated by the fact that in 2014, the United Nations' presence in Sierra Leone officially moved on from its peace-keeping mandate towards development and economic growth (AfDB, 2015).

In recent years, Sierra Leone has been very involved in the International Dialogue on Peacebuilding and Statebuilding (AfDB, 2013a). It is in this context that it became one of the pilot countries of the Group of Fragile States (g7+) to join the New Deal agreement in 2012. Signed at the High Level Forum on Aid Effectiveness in Busan in 2011, the New Deal is a key agreement between fragile and conflict-affected states, development partners, and civil society to improve the current development policy and practice in fragile and conflict-affected states in order to achieve long-term stability. As a member of the g7+, the country undertook a self-assessment

measuring its fragility in 2013. The assessment found that Sierra Leone was well into the transition phase, that is to say, midway between a critical situation and better resilience (Government of Sierra Leone, GoSL thereafter, 2013).

In spite of these efforts and the international consensus on Sierra Leone's progress, the country remains in a fragile situation. Sierra Leone's steady journey towards stability faces some challenges. The country's political settlement, a product of the UN peacekeeping mission, has extensively focused on security and the rule of law. The large-scale wave of post-war demilitarisation took place right after the end of the war, coupled with a two-year long national 'Truth and Reconciliation' project (Allouche, 2014). Security has indeed significantly improved throughout the country since the end of the war, but there is room for progress, especially in terms of the speed of response of security services. In fact, citizens perceive that crime rates have risen and Sierra Leone's permeable borders allow trans-border crime to flourish (AfDB, 2013a). Moreover, progress in security and justice reform has not necessarily gone alongside inclusive economic development and the provision of essential services to the population, and of long-term reconciliation and healing at the community-level is important.

The country's peace settlement advocated for structural changes in Sierra Leone's governance mechanisms and a complete reform of the political landscape, transposed into a decentralisation project. However, decentralisation has not succeeded in allowing political power to trickle down (Allouche, 2014). There has been no specific programme to address and attempt to fix some of the root causes of the conflict which lay in political and economic inequalities and perceptions of exclusion from most citizens (Francis, 2001). As a result, social justice remains a pressing issue and the country is still very much politically and economically polarised. This neglect of inclusive development has been argued to have left the poorest members of society in the same position they were in previously, and putting the country at risk of the same grievances that led to violence (Allouche, 2014).

In respect with its Constitution, Sierra Leone is now a multi-party state allowing citizens to express political opinions and call upon the government's accountability (AfDB, 2013a; GoSL, 2013). According to Fortune and Bloh (2016) however, Sierra Leone is not a "genuine participatory democracy" just yet. Political power tends to be concentrated in a few hands (Allouche, 2014)

There have been general elections in 2002, 2007, 2012 and 2018, leading to smooth democratic transitions, and even smooth transfers of power to the opposition in 2007 (Freedom House, 2017) and 2018. But elections have not always been as peaceful as they may seem and political tensions were very much present surrounding the 2012 elections (Human Rights Watch, 2011). Tensions rooted in regional antagonisms persist in Sierra Leonean politics. Elections are therefore problematic because of regional and/or ethnic biases, mirrored in citizens' voting behaviours (GoSL, 2013).

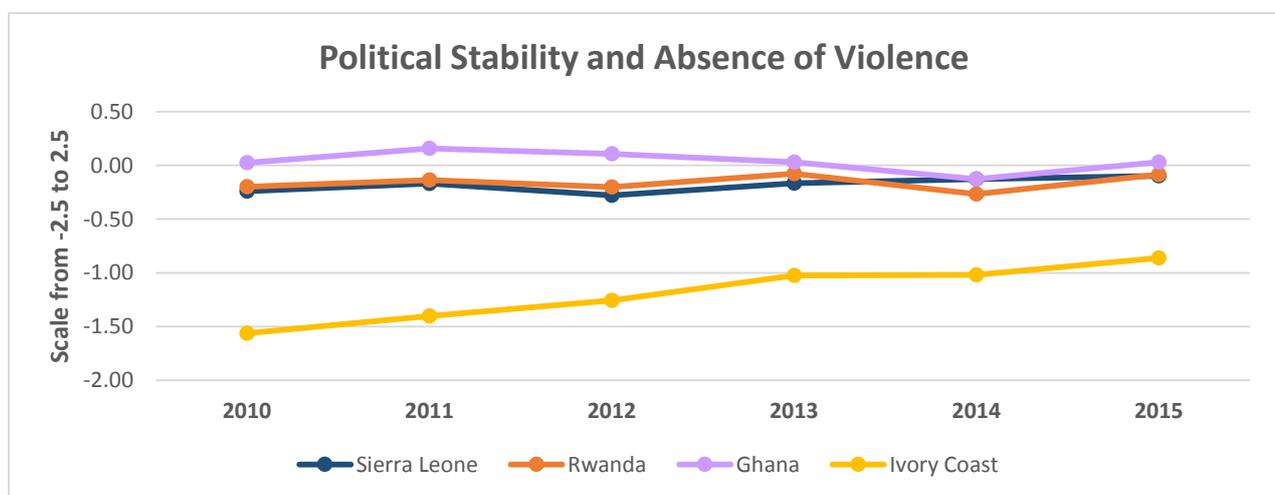
In 2012 the incumbent party, the APC, was accused of interfering with the electoral process in 2012. Proponents of the opposition (SLPP) at the time were arrested alongside an SLPP parliamentarian while demonstrating against another instance of violence on SLPP supporters by ALC youth (ICG, 2015). The use of threats and violence during elections contributes to the rise of outflows of arms and to the militarisation of the country (Fortune & Bloh, 2016). The legislative

system grants control of the electoral system to the president which reduces the transparency of the process (Fortune & Bloh, 2016).

In about 20 months, the EVD killed around 11,300 people in West Africa, most of them in Sierra Leone and Liberia (Transparency International, 2015). Studies have shown that the crisis was further amplified because of inadequate government response and the lack of capacity in the healthcare sector, amongst other structural problems. Studies also claim that the weaknesses of the healthcare system are due to corruption which has effectively side-tracked resources intended for healthcare systems (ibid). There was a lack of transparency over the use of Ebola funds and international observers expressed concerns over media silence on this issue (ICG, 2015). During the EVD crisis, the state of emergency rendered public gatherings illegal, thereby preventing demonstration from opposition parties. In the meantime, the Vice President was removed from office over accusations of organising political violence and gathering a new party (ICG, 2015).

The index on “Political Stability and Absence of Violence” assesses countries’ political stability on a scale from -2.5 to 2.5 where higher values correspond to higher levels of political stability. Among the four countries used in this report for comparison, Ivory Coast has shown the lowest levels of political stability and absence of violence over the years. Sierra Leone was at -0.10 in 2015, having improved from -0.24 in 2010. In 2015 Ghana had the highest levels of political stability at 0.03.

Graph 1: Political stability and the absence of violence/terrorism



Source: The World Bank Databank, Worldwide Governance Indicators

Key indicators for political stability and absence of violence, selected countries

Key Indicators	2010	2011	2012	2013	2014	2015
Political Stability and Absence of Violence/Terrorism						
Capturing perceptions of the likelihood of political instability and/or politically-motivated violence including terrorism						
Sierra Leone	-0.24	-0.17	-0.28	-0.17	-0.13	-0.10
Rwanda	-0.20	-0.14	-0.20	-0.08	-0.27	-0.08
Ghana	0.02	0.16	0.11	0.03	-0.13	0.03
Ivory Coast	-1.56	-1.40	-1.26	-1.02	-1.02	-0.86
<small>Source: The World Bank Databank, Worldwide Governance Indicators¹</small>	<small>Estimate of governance measured on a scale from approximately -2.5 to 2.5. Higher values correspond to better governance.</small>					

2.2. Good governance

Good governance, the absence of corruption, and efficient institutions foster entrepreneurship and promote private sector growth and development. In general, Sierra Leone does not perform well when it comes to indicators of good governance though there have been improvements. Economic challenges, as well as the lack of a well-functioning processes of civil government have threatened long-term growth.

The country has consistently improved its score in the World Bank's Country Policy Institutional Assessment (CPIA) in the past few years, although its performance in terms of governance remains rather low in this indicator (AfDB, 2013a; AfDB/OECD/UNDP, 2017). The CPIA looks at governments' management of the economy and of the public sector and its institutions, as well as fundamental policies in terms of social justice and inclusiveness. Sierra Leone's performance in the World Bank's Worldwide Governance Indicators (WGI) has been much less impressive. Between 2006 and 2015, three of the six WGI on Sierra Leone (voice and accountability; political stability and absence of violence; and government effectiveness) have either stalled/progressed very slowly or slightly decreased. According to the WGI, government control over corruption is the only area in which Sierra Leone has improved in this time frame.

There has been some progress since the resumption of regular elections in recent years, with high-level officials, including the current and former Presidents, publicly committing to fighting corruption. Citizens are nevertheless pessimistic about the scale of corruption in Sierra Leone and most of them believe that public administrations are highly corrupt. A study conducted in 2015 indicates that 60% to 80% of Sierra Leoneans estimated that corruption had gotten worse, and 69% of them thought that the government was not performing well enough with regards to fighting corruption (Afrobarometer & Transparency International, 2015). Sierra Leoneans also indicated that bribery was omnipresent across public services, with almost one in two services involving a bribe (ibid).

¹ <http://info.worldbank.org/governance/wgi/index.aspx#home>

High corruption perception indicators may hinder the country's ability to channel donor funds. Until late 2015, Sierra Leone was indeed unable to reach the good governance threshold established by the Millennium Challenge Corporation (MCC). The country lost out on substantial financial support as a result, due to the failure to justify financial inconsistencies and apparent misconduct (ICG, 2015).

Decentralisation has been a double-edged sword in the fight against corruption. On the one hand, in order to regain the trust of populations, local councils are under the obligation to publicly display their financial statements. Compliance is very high and this contributes to the improvement of transparency and accountability of political leaders (Koroma, 2016). On the other hand, relationships between local and national political representatives are often dysfunctional. This situation has enabled some local MPs to 'divert' funds allocated to local development projects (ibid).

Various measures have been adopted to hinder corruption and regain citizens' trust in the administration and government. In 2008, President Koroma established the Open Government Initiative (OGI). The OGI is described as an "open channel of communication between Government and the people" (OGI, 2017). The initiative aims at enabling the general public to collaborate on policy-making processes, but also to enhance government transparency and accountability. In practice, the OGI connects government agents and elected representatives to the population via ICTs and local assemblies (IDPS, 2010). Various topics are discussed, relating to healthcare, agriculture, education, etc.

Sierra Leone joined the 75 states-strong Open Government Partnership (OGP) in 2013. To do so, Sierra Leone had to satisfy eligibility criteria, notably in terms of citizens' engagement and Sierra Leone adopted a series of ten commitments areas to improve (OGP, 2017). The OGP's 2014-2016 report showed a very low rate of impact. Looking at various themes, the report mostly found limited completion rates (except in the local content policy and right to information) (Hugues, 2016). On the whole, the World Bank estimated in 2013 that the efficiency of these dialogue platforms remained limited, most particularly because of insufficient bargaining power of business representatives (WB, 2013b).

Elections are monitored by an Electoral Court, by the National Electoral Commission (NEC) which is an independent institution, and by the Political Parties Registration Commission (PPRC) since 2002 (NEC, 2014). The PPRC has had some success in moderating the often problematic interactions between political parties and nominees (Fortune & Bloh, 2016).

See-through ballot boxes and public checks were introduced in 2004, and various stakeholders from civil society established the National Election Watch with the aim to monitor the elections in 2007. Nevertheless, that same year, nearly 500 polling stations had to be voided because vote counts surpassed the number of voters registered (Fortune & Bloh, 2016). The NEC, which regulates the electoral process by organising the elections and registering voters, welcomed this ban but the Commission remains the object of criticism over delays, rumours of malpractices and deception (ibid; NEC, 2014).

The Anti-Corruption Act was reinforced after the 2007 elections but this did not prevent a 6-points increase in the 'Corruption Perception Index', from 24 to 30/100 (AfDB, 2015). The Sierra

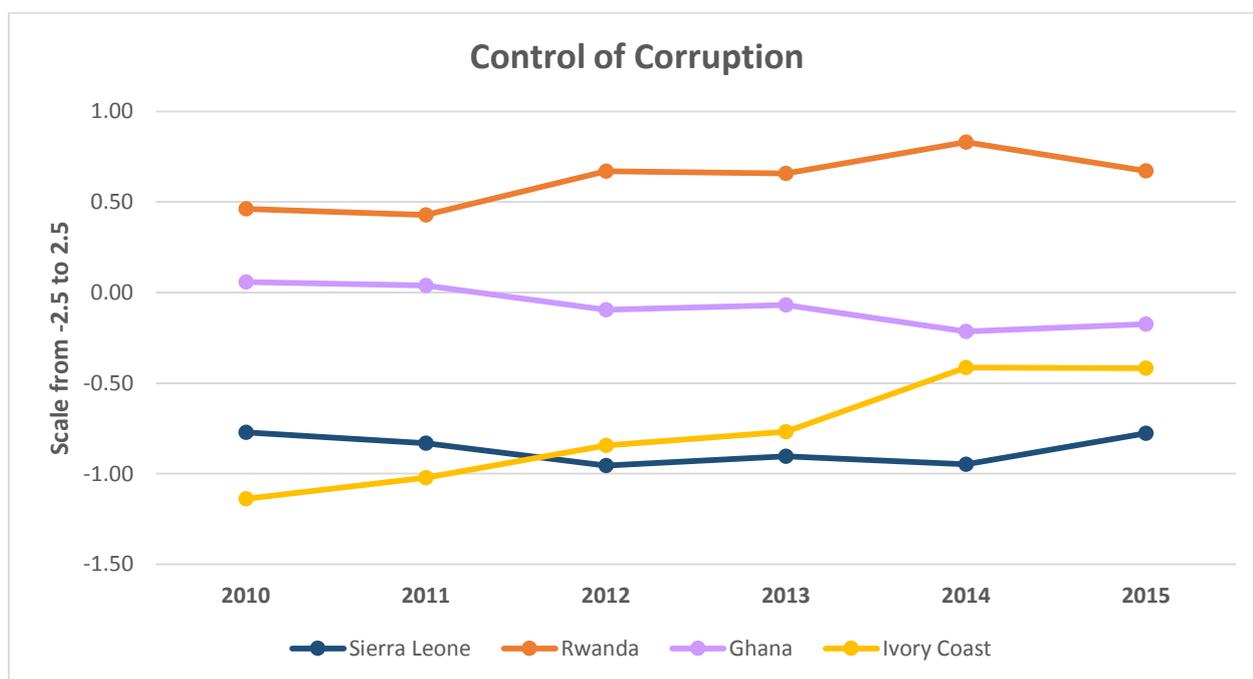
Leone Anti-Corruption Commission (ACC) has brought to light several top-level officials but has not succeeded in effectively prosecuting them (Freedom House, 2017; Human Rights Watch (HRW), 2017). In 2010, the ACC convicted several ministers, high-level civil servants and a judge, and had about 90 ongoing inquiries in 2011. The work of the Commission has been impaired leading to the resignation of its Commissioner in 2011, “reportedly over security concerns and government interference” (HRW, 2011). In 2016, the government of Sierra Leone and the ACC, in partnership with DfID and Coffey International, implemented an online and phone corruption-reporting platform called ‘Pay No Bribe’ as part of a new anti-corruption program (DfID, 2016). The ‘Pay No Bribe’ website broadcasts incidences reported by anonymous citizens and issues reports on the state of corruption in the country.

In spite of its limited institutional capacity, the government has improved its public finances management (PFM) in recent years. Sierra Leone has improved access to external controls and financial information but PFM policies reportedly have a tendency to be poorly implemented, especially in the extractive sector. Public administrators lack the means to effectively implement policies and legislations (AfDB, 2013a). Service delivery in terms of Education, Health, Water supply, electricity etc, has improved significantly. Since 2004, decentralisation has meant that there are improvements to administration, especially in the protection of rural populations, access to water and sanitation, basic services, waste management, social services, rescue and security services etc., are the responsibility of local councils (WB, 2013c).

Natural resources governance indicators are non-existent (AfDB, 2015). The country ratified a new Mines and Minerals Act in 2009, to improve revenue transparency and higher rates of taxation. The adoption of this Act has not prevented the government from grant concessions in direct opposition of the law (Le Billion, 2016). A National Mineral Agency was established in 2012 in order to help generate more revenues from diamonds exports and (re)negotiate contracts on iron ore exploitation (AfDB, 2015).

Sierra Leone joined the Extractive Industries Transparency Initiative (EITI) in 2006, but it only became an active member in 2011 with the publication of its first EITI annual report (EITI, 2012). EITI reports work on a voluntary basis whereby countries publish audited revenues from the extractive sector. The EITI is validated if the report and documents display well-functioning management practices, transparent and accountable contracting systems and adequate taxation rates (Le Billion, 2016). Sierra Leone failed to have its report validated twice before 2014, when it was declared compliant, but is now under review for the last year (2016).

Graph 2: Control of corruption

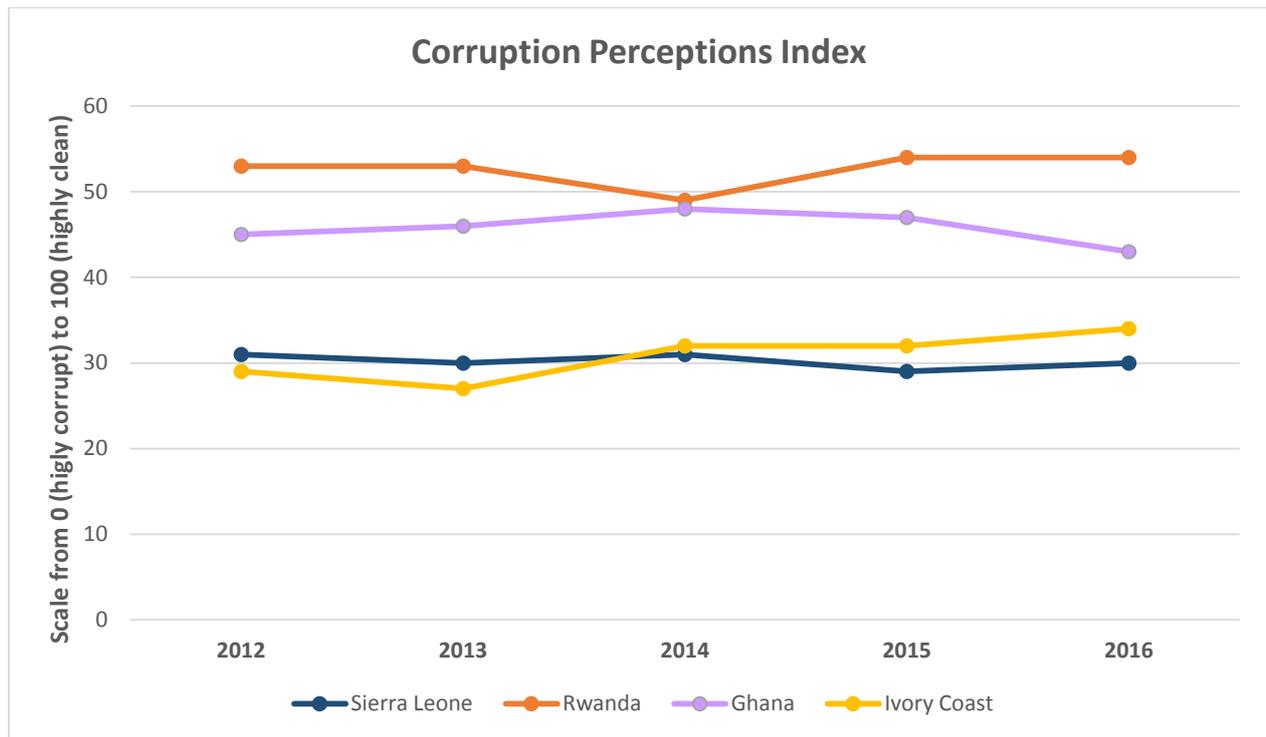


Source: The World Bank Databank, Worldwide Governance Indicators

“Control of Corruption” measures the extent to which public power is exercised for private gain and the extent to which the state is captured by elites and private interests. This indicator is measured on a scale from -2.5 to 2.5, where higher values reflect better governance. Sierra Leone scores poorly on this indicator, and has the lowest values in comparison to Rwanda, Ghana and Ivory Coast from 2012 onwards. In 2015 Sierra Leone was at -0.78, having improved slightly overall from 2010, but having dipped in the interim years. In comparison Rwanda was highest at 0.67 in 2015, with Ghana at -0.18 and Ivory Coast at -0.43 in the same year.

Sierra Leone scores fairly low on the “Corruption Perceptions Index” (CPI). On a scale from 0 (“highly corrupt”) to 100 (“highly clean”), Sierra Leone was at 30 in 2016, having improved from 29 in the previous year, but was at 31 in 2012. In 2016 Rwanda performed the best with an indicator of 54, with Ghana next at 43 and Ivory Coast at 34.

Graph 3: Corruption perceptions index



Source: Transparency International

“Government Effectiveness” measures the quality of public services, the capacity of the civil service and its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the Government’s commitment to such policies. In a range of values from -2.5 to 2.5 with higher values indicating better performance, Sierra Leone’s estimated government effectiveness gradually declined from -1.21 in 2012 to -1.26 in 2015. In the same period Rwanda stayed the same at -0.04 while Ivory Coast improved from -1.08 to -0.5 and Ghana declined from -0.04 to -0.26.

“Voice and Accountability” measures the extent to which citizens participate in selecting their government, as well as freedom of expression, freedom of association and a free media on a scale from -2.5 to 2.5 with higher values indicating better governance. Rwanda scores most poorly on this indicator, while Sierra Leone is second to Ghana. Sierra Leone was at -0.30 in 2015, having stayed more or less at that level for several years before. In 2015 Ghana was at 0.51, while Ivory Coast was -0.44 and Rwanda at -1.13.

Key good governance indicators, selected countries

Key Indicators	2010	2011	2012	2013	2014	2015	
<p>Control of Corruption</p> <p>The extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as “capture” of the state by elites and private interests.</p> <p><u>Source:</u> The World Bank Databank, Worldwide Governance Indicators²</p>							
	Sierra Leone	-0.77	-0.83	-0.95	-0.90	-0.95	-0.78
	Rwanda	0.46	0.43	0.67	0.66	0.83	0.67
	Ghana	0.06	0.04	-0.09	-0.07	-0.22	-0.18
	Ivory Coast	-1.14	-1.02	-0.84	-0.77	-0.41	-0.42
	Estimate of governance measured on a scale from approximately -2.5 to 2.5. Higher values correspond to better governance.						
<p>Corruption Perceptions Index (CPI)</p> <p>The Transparency International CPI measures the perceived levels of public-sector corruption as seen by business people and country analysts in a given country and is a composite index, drawing on different expert and business surveys. 0 is highly corrupt while 100 is highly clean.</p> <p><u>Source:</u> Transparency International³</p>							
		2012	2013	2014	2015	2016	
	Sierra Leone	31	30	31	29	30	
	Rwanda	53	53	49	54	54	
	Ghana	45	46	48	47	43	
	Ivory Coast	29	27	32	32	34	
	*In 2012, Transparency International changed the CPI scale from 0-10 to 0-100. In the interest of comparison, the numbers reflected here for 2012 are thus altered, where the original score given is divided by 10.						
<p>Government Effectiveness</p> <p>The quality of public services, the capacity of the civil service and its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.</p> <p><u>Source:</u> The World Bank Databank, Worldwide Governance Indicators⁴</p>							
		2010	2011	2012	2013	2014	2015
	Sierra Leone	-1.21	-1.19	-1.21	-1.20	-1.22	-1.26
	Rwanda	-0.05	0.07	-0.04	0.02	-0.01	-0.04
	Ghana	-0.04	-0.05	-0.04	-0.10	-0.29	-0.26
	Ivory Coast	-1.26	-1.13	-1.08	-0.91	-0.81	-0.65
	Estimate of governance measured on a scale from approximately -2.5 to 2.5. Higher values correspond to better governance.						
<p>Voice and Accountability</p> <p>The extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media.</p> <p><u>Source:</u> The World Bank Databank, Worldwide Governance Indicators⁵</p>							
		2010	2011	2012	2013	2014	2015
	Sierra Leone	-0.18	-0.23	-0.35	-0.37	-0.31	-0.30
	Rwanda	-1.31	-1.31	-1.26	-1.20	-1.10	-1.13
	Ghana	0.49	0.46	0.41	0.42	0.47	0.51
	Ivory Coast	-1.10	-1.13	-0.81	-0.78	-0.53	-0.44
	Estimate of governance measured on a scale from approximately -2.5 to 2.5. Higher values correspond to better governance.						

² <http://databank.worldbank.org/data/views/variableselection/selectvariables.aspx?source=worldwide-governance-indicators>

³ <http://www.transparency.org/>

⁴ <http://databank.worldbank.org/>

⁵ <http://databank.worldbank.org/data/views/variableselection/selectvariables.aspx?source=worldwide-governance-indicators>

2.3. Social dialogue

Social dialogue with freedom of association and the right to collective bargaining is fundamental for the achievement of effective, equitable and mutually beneficial outcomes for ILO constituents and society at large. The legislation upholds the importance of social dialogue and the ILO Convention n°144 on Tripartite Consultation has been in effect since 1985. It is also a requirement for member states of the New Deal (g7+ countries) to take actions to nurture “inclusive political dialogue” and to develop trustful relationships between the private sector, the government, and international actors in the country (IDPS, 2017).

The Joint National Negotiating Board (JNNB) is a tripartite body that decides on the national minimum wage. In 2014, the board agreed to raise it to SLL 500,000 per month, about USD 116, from SLL 21,000, about USD 19, based on the exchange rate at the time. The implementation of the new minimum wage was postponed until 2015 at the employers’ request because of the impact of the Ebola crisis. Other bilateral or tripartite institutions focused on specific issues include the Trade Group Negotiating Council, the Joint Consultative Committee, the National Social Security and Insurance Trust and the Regulating Committee on Fuel and Transport Fares (DTCIDC, 2015).

The Sierra Leone Business Forum (SLBF) was introduced in 2007 with the objective to contribute to the improvement of the business environment through an established channel of communication between the government and the private sector (SBLF, 2017). Its mandate has very much focused on access to finance for Sierra Leonean firms, as well as supporting government and donor programs for a stronger private sector. In 2010-2012, the International Finance Corporation provided financial support to the SBLF as part of the Forum’s project of gaining independence from the government (ibid). The government has largely developed its private sector strategy in collaboration with the SBLF. The latter also enabled discussions on numerous reforms aimed at improving the business climate (AfDB/OECD/UNDP, 2017).

The right to collective bargaining is provided by law. The extent of its application may nonetheless be limited by the fact that negotiations can only occur within councils of representatives from employers and workers, counting equivalent numbers of each (USDS, 2016). In 2008, the World Bank measured the national collective bargaining coverage and union density rates at 46.8%. The Collective Bargaining Agreement (CBA) regulates wages and working conditions in the country. The CBA is meant to apply solely to formal workers, and therefore only covers less than 2% of the total workforce (DTCIDC, 2015). In spite of these instruments, instances of efficient collective actions initiatives are marginal (Manuel & Katiyo, 2017). There are structural challenges to smooth collective bargaining processes, including the alleged influence of powerful oligarchs (ibid; AfDB: 2011).

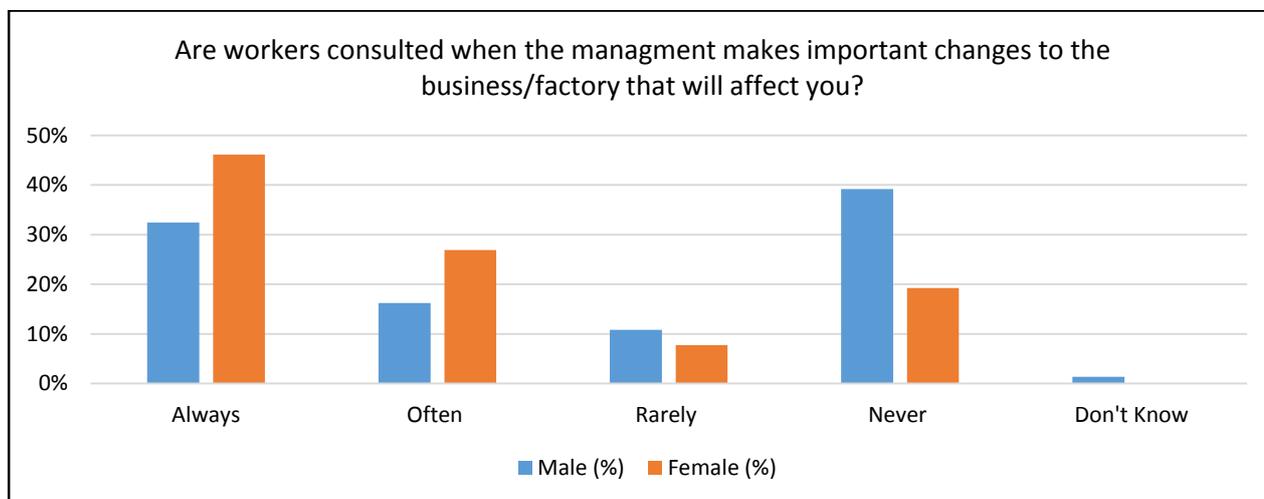
In 2014, the International Trade Union Confederation reported that a mining company was directly encroaching on Sierra Leonean labour laws. The company refused to subtract union contributions from the workers’ wages. (ITUC, 2014). That same year, the Sierra Leone Seamen’s Union drew attention to the actions of a crewing company which threatened to sack and blacklist unionists calling for negotiations on a collective agreement to be undertaken (ibid).

Trade unions have been active in Sierra Leone for decades, with the first strikes reported as far as 1874 (DTCIDC, 2015). Six new CBAs were introduced between 2015 and March 2017, but overall wage and salaried workers in the formal sector are only 9.4% of the total employment in the country (DTCIDC, 2017). The umbrella organisation for trade unions and organisations, is the Sierra Leone Labour Congress (SLLC), which was established in 1976. The SLLC had 33 affiliated unions in 2017, of which 10 were from the informal economy; in March 2017 there were a total of 470,884 members, with 26% from the formal economy and 74% from the informal (DTCIDC, 2017). It is said that the SLLC and the government maintain a good relationship (USDS, 2016). The informal sector has two main trade unions, in which women are the most represented, at almost 75% of members (DTCIDC, 2015). The government allows strikes to take place as long as protests are peaceful. It is also willing to take part in genuine negotiations with unions and workers (USDS, 2016).

Employers are represented by the Sierra Leone Employers Federation (SLEF) which was established in 1966. The SLEF is relatively small-scale, regularly works with the ILO and has good working relations with the SLLC and other national stakeholders. The organisation advocates for better labour laws, additional training opportunities and reforms to the central administration (ibid).

Some insights into workplace relations in Sierra Leone emerged from the employee section of the Sierra Leone EESE Survey. 70% of the 100 workers interviewed said they had fixed term contracts, while 15% said their employment was based on a verbal agreement. The picture painted by the employees' perception survey is mixed. On the one hand, most workers interviewed felt that they were regularly consulted by management on important issues and strikes rarely occur. For instance, a total of 55 workers stated that managers consult them on important changes 'always' or 'often'. In contrast, 33 replied that this 'never' occurred and 11 said this 'rarely' happens. When asked to state the extent to which they agreed with the statement that a "lack of communication between workers and management is a significant cause of workplace disturbances", 32 responded 'strongly agree' and another 36 that they 'agree'. Of the remaining respondents, 27 stated that they 'disagree' or 'strongly disagree'.

Graph 4: Workplace relations by gender



Source: Sierra Leone EESE Survey

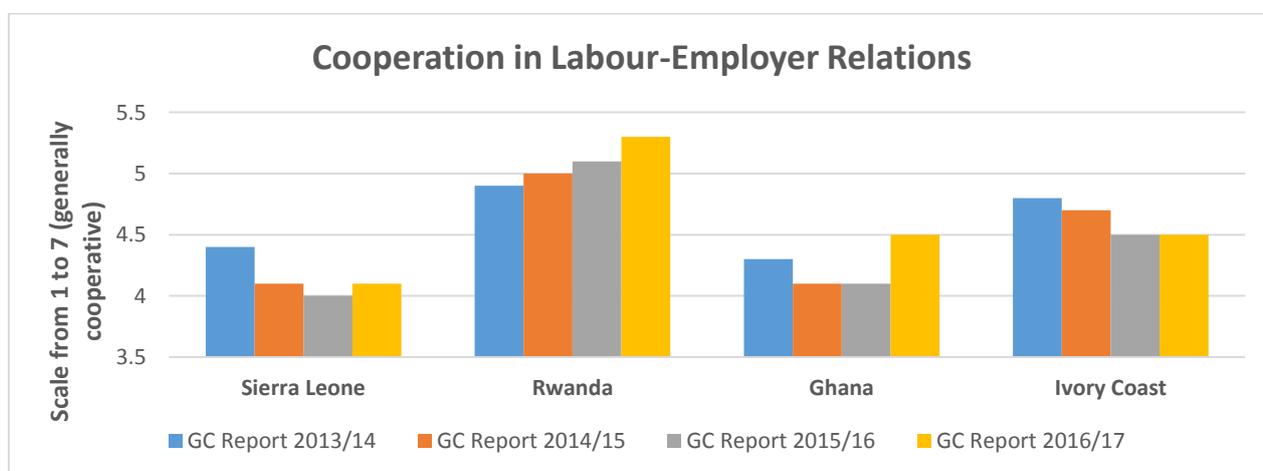
Based on the employees surveyed in the Sierra Leone EESE Survey, only a minority of workplaces have union or employee representatives. The low level of union representation perhaps explains the small number of strikes that have taken place. 93 of 100 respondents stated that no strikes had taken place at their offices in the past 18 months.

Among KII participants, a number of employees of larger firms suggested that, while they are happy to be employed, they are dissatisfied with pay and conditions. These participants stated that labour laws have defined the minimum wage at SLL 500,000, approximately USD 60 per month, based on the exchange rate of 1USD = SLL 8,064.77 (June 2018⁶), but added that some of their colleagues receive closer to half the statutory minimum wage. Participants who are employed at large firms also expressed frustration with the Ministry of Labour which, they argued, tends to side with employers when disputes arise. This, they commented, resulted in most employees no longer challenging their management on their rights and entitlements. These respondents preferred to work under poorer conditions and feed their families than challenge their employers and risk losing their jobs.

It should be noted that both employers and workers are free to file complaints to the Ministry of Labour. Upon receipt of their complaints, the Ministry investigates and advises as appropriate. In cases where the Ministry is unable to resolve the industrial dispute, the cases are forwarded to the Industrial Court for legal redress. Over 80% of industrial complaints filed to the Ministry of Labour are won by employees. This is due to the fact that most employers failed to provide supporting documents/records to support their statements or actions against their employees. According to the Labour Law, the responsibility to keep or provide employment record rests mainly with the employer.

“Cooperation in Labour-Employer Relations” determines whether labour-employer relations are confrontational or cooperative on a scale from 1 to 7 with higher values, indicating higher levels of cooperation. The existing data indicates a dip in levels of cooperation in Sierra Leone, going from 4.4 in 2013 to 4.1 in 2016. In the same years Rwanda improved from 4.9 to 5.3. Ghana went from 4.3 to 4.5 and Ivory Coast dropped from 4.8 to 4.5.

Graph 5: Cooperation in labour-employer relations



Source: World Economic Forum Executive Opinion Survey

⁶ <https://www.xe.com/currencyconverter/convert/?Amount=500000&From=SLL&To=USD>

Key indicators for cooperation in labour-employer relations, selected countries

Key Indicator	GC Report 2013/14	GC Report 2014/15	GC Report 2015/16	GC Report 2016/17
Cooperation in labour-employer relations The World Economic Forum (WEF) Survey asked business leaders to provide their expert opinions on the following: “Labour-employer relations in your country are: 1 = generally confrontational, 7 = generally cooperative.” Source: World Economic Forum Executive Opinion Survey ⁷				
Sierra Leone	4.4	4.1	4	4.1
Rwanda	4.9	5	5.1	5.3
Ghana	4.3	4.1	4.1	4.5
Ivory Coast	4.8	4.7	4.5	4.5

2.4. Respect for universal human rights and international labour standards

Respect for universal human rights and International Labour Standards (ILS) is a distinctive feature of societies that have successfully integrated sustainability and decent work into their economies. The Human Rights Commission of Sierra Leone (HRCSL) was established in 2004 and effectively implemented in 2007. The commission’s 2015 report emphasised that the government had to take further steps to reduce gender inequalities and gender-based violence, and ensure that human rights standards were respected in terms of access to water and sanitation, labour, freedoms of expression and assembly (HRCSL, 2015).

Sierra Leone has ratified all of the ILO’s fundamental conventions, including conventions 29 and 105 on the Abolition of Forced Labour and 182 on the Worst Forms of Child Labour. Conventions 87 and 98 protecting the Freedom of Association, the Protection of the Right to Organise and Collective Bargaining have also been in application in Sierra Leone since the early 1960s. Yet in 2017 the Committee of Experts noted with concern that none of the 23 reports requested (on fundamental, governance and technical Conventions) have been received, despite the Government’s constitutional obligation.

It should also be noted that there is a deficit of labour laws in Sierra Leone. The monthly minimum wage averaging SLL 500,000 only applies to workers in the formal economy, and there is no legal provision on unemployment insurance (USDS, 2016, DTCIDC, 2017)). The 2017 Doing Business report highlights that the legislation does not limit the extent of night work but only provides guidance on salary increase in such cases (WB, 2017a). Legislation regulating weekly hours of work needs further development (USDS, 2016). A review of the labour law is ongoing.

Due to the increased reports of human rights abuses in some large-scale mining and agricultural companies, instruments are being developed to monitor the impact of the multinational business practices on human rights. The Guidelines for Monitoring Business and Human Rights in Sierra Leone were elaborated in partnership with UNDP and the Danish Institute for Human Rights among others, and present the regulatory, labour, environmental, security, and social requirements to do business in the country (HRCSL, 2013). The HRCSL (2015) noted that the

⁷ <http://www.weforum.org/issues/global-competitiveness>

legislative and regulatory environment needs further elaboration to better protect human rights violations.

Sierra Leone's 1991 Constitution safeguards human rights such as the freedom of individuals, of the press and freedom of association; the protection from arbitrary detention, discrimination and forced labour; and property rights (Cons. of Sierra Leone, Act.no.6 of 1991). The country is yet to ratify two of the nine fundamental international treaties on human rights, namely, the Convention for the Protection of All Persons from Enforced Disappearance and the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families. According to Freedom House (2017), Sierra Leone is a 'partly free' country, in terms of the rights of individuals and rights of the press. Significant development have taken place over the period, particularly with the establishment of several media outlets prints and electronics.

Amnesty International (2017) notes that the government has pledged to ratify various international human rights treaties and optional protocols, and it rejected several of the recommendations received at the latest UN Universal Periodic Review in 2016. As a result, freedom of association, of peaceful assembly and expression remain limited. Similarly, gender inequality and gender-based violence, including female genital mutilation are problems that are not sufficiently addressed by the government, which continues to avoid passing laws to safeguard women (ibid).

Many incidences of police preventing public demonstrations and arbitrarily arresting individuals, were reported in recent years. To operate in Sierra Leone, international media must secure a licence by registering with both the Ministry of Information and Communications and the Independent Media Commission (USDS, 2016). There are no other legal restrictions on their freedom of speech in the country. However, there were reports of local journalists and bloggers having faced arrests or retaliation following critical comments (Freedom House, 2017).

In addition to the ratification of the ILO's Conventions, national legislation prohibits child labour and lays down a SLL 50 million fine and a sentence of 10 years imprisonment for labour and sex trafficking (USDS, 2016). The law is however poorly enforced due to a severe lack of capacity from the judicial system. In Sierra Leone, children under 13 should not work at all. The legislation provides special allowances for those between the ages of 13 and 15. Health and safety limitations on child labour are however not specified in the texts (ibid).

Forced labour and labour trafficking are substantial problems in Sierra Leone. In rural districts, almost one child in two performs some kind of work. Individuals (including children) in forced labour often originate from rural areas and are forced into mining, small urban trade or begging activities. Other children are engaged in fishing, agricultural and domestic work, scavenging or sexual abuse. It is also common for children to have to work to pay for their school fees, even if this involves them missing school days as a result (USDS, 2016). The Ministries of Labour and Social Security and of Mines and Mineral Resources are expected to monitor and enforce these laws but the former has one team of only 20 labour inspectors to cover the entire country (ibid).

Several categories of individuals remain discriminated against. The HRCSL recently called for the Ministry of Education to remove its ban on pregnant girls attending class or taking exams.

The ban is unlawful and an infringement on the girls' right to education, as well as in direct opposition of the Convention on the Rights of the Child and the Convention on the Elimination of all forms of Discrimination Against Women (HRCSL, 2015). National legislation still has to improve in order to address discrimination against women, notably with regards to capital, marriage, divorce, property ownership and inheritance (USDS, 2016).

Sierra Leone has adopted seven of the nine main international human rights conventions⁸; it has yet to ratify the 2003 International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families and International Convention for the Protection of All Persons from Enforced Disappearance of 2010. Rwanda and Ghana have ratified eight conventions each while Ivory Coast has ratified seven. All four countries have ratified all eight fundamental ILO Conventions on freedom of association and collective bargaining, and the abolition of child labour, forced labour and all forms of discrimination.

Respect for Freedom of Association (Conventions No. 87 and No. 98) should strengthen respect for human rights, thus contributing to the goals of the Commission on Human Rights and Good Governance. Freedom of association will contribute to better labour relations, industrial and social peace, productivity growth and a more stable environment for domestic and foreign investment needed for accelerated economic growth and poverty reduction.

Abolition of the worst forms of child labour arising from the application of Conventions No. 138 and No. 182 will liberate children from the drudgery and damage of hazardous work, which deprive them of education, and adversely affect them mentally and physically. The benefits of a more educated work force for accelerated economic growth are incontestable.

The abolition of forced and compulsory labour required by Conventions No. 29 and No. 105 similarly should contribute to good governance and respect for human rights. If workers are free to choose where they work rather than be forced into some occupations, they are more likely to be more productive and earn higher wages which will contribute more effectively to the growth of sustainable enterprises.

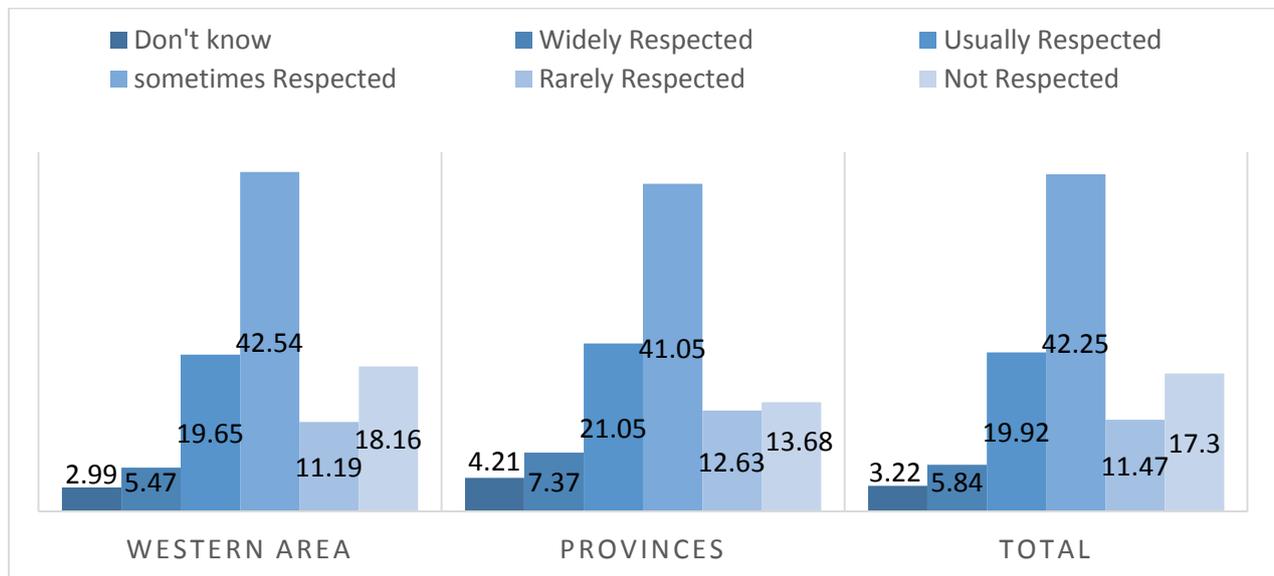
Respect for human rights and international labour standards remain a distinct measure of societies that have successfully integrated sustainability and decent work for its population. The Sierra Leone EASE Survey collected indicators that measured the general perception of human rights, extent to which human rights and international labour standards were respected, perceptions on the government's role in promoting these rights, and how well these rights were understood by employers and employees.

Findings from the survey with regards to respect for human rights shows significant variation in perceptions, with a large majority of respondents either expressing neutral (sometimes) or negative opinions. About 42% of respondents believed that human rights are

⁸ i.e. Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (CAT 1987); Convention on the Rights of the Child (CRC 1990); Convention on the Elimination of All Forms of Discrimination against Women (CEDAW 1981); International Convention on the Elimination of All Forms of Racial Discrimination (ICERD 1969); International Covenant on Civil and Political Rights (ICCPR 1976); International Covenant on Economic, Social and Cultural Rights (ICESCR 1976) and Convention on the Rights of Persons with Disabilities (Disability Rights Convention 2008).

sometimes respected, with 11% saying it they were rarely respected and 17% saying they were not respected. The sub group analysis in figure 5 shows that there was no statistically significant difference in opinions between respondents in the Western Area and those located in the provinces.

Figure 5: To what extent do you think that human rights are respected in Sierra Leone?



Source: Sierra Leone EESE Survey

Survey findings show that around 66% of respondents expressed a negative opinion with reference to the question about respect for international labour standards, with 43% stating that they were 'rarely respected' and 24% that they were 'not respected'. Large enterprise respondents were the most negative, with approximately 82% stating that international labour standards were 'rarely respected'. Among KII participants, representatives from large and medium-sized firms stated that their enterprises respect universal human rights and labour laws, as evidenced by their payment of mandatory social security contributions and the broader benefits they provide for their employees, such as medical care and a transportation allowance. Participants from small and micro enterprises stated that the mandated social security contributions were excessive compared to their annual turnover and, as a consequence, hired relatives and friends instead, thus affording them greater flexibility. This is particularly true of informal businesses, where all staff are close acquaintances of the owners and do not enjoy social security benefits.

When asked about how well international labour standards were promoted by the government 26.5%, the largest proportion, said not very well, though the largest proportion was 29.5% who thought this was done fairly well.

Table 5: How well are international labour standards promoted by the government?

	Western Area	Provinces
Don't know	16%	19%
Fairly well	27%	32%
Not at all well	23%	16%
Not very well	26%	27%
Very Well	9%	6%
Total	100%	100%

Source: Sierra Leone EESE Survey

Additional indicators can help better assess the human rights situation in Sierra Leone. The “Political Rights Index” measures the level of freedom in the electoral process, political pluralism and participation, and functioning of government. The index ranges from 1 to 7 with higher values indicating a lower degree of freedom. In 2016, Sierra Leone scored an index of 3, with Rwanda at 6, Ghana at 1 and Ivory Coast at 4 in the same year.

The “Civil Liberties Index” measures freedom of expression, assembly, association, and religion on a scale from 1 to 7 with lower values corresponding to better performance. Here Sierra Leone scored 3 in 2016, with Ghana doing best at 2, Ivory Coast was at 4 and Rwanda was lowest again at 6.

Key indicators for human rights and international labour standards, selected countries

Key Indicators						
<p>Ratification of Human Rights Conventions</p> <p>It shows the status of human rights referring to ratification of following 9 conventions: Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment; Convention on the Rights of the Child; Convention on the Elimination of All Forms of Discrimination against Women; International Convention on the Elimination of All Forms of Racial Discrimination; International Covenant on Civil and Political Rights; International Covenant on Economic, Social and Cultural Rights; International Convention for the Protection of All Persons from Enforced Disappearance; Convention on the Rights of Persons with Disabilities; International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families.</p> <p>Number of Conventions ratified out of 9.</p>	As of 2016					
	<p>Sierra Leone</p>	7				
	<p>Rwanda</p>	8				
	<p>Ghana</p>	8				
	<p>Ivory Coast</p>	7				
	<p><small>Source: United Nations Treaty Collection Multilateral Treaties Deposited with the Secretary General (UNTC)⁹</small></p>					
<p>Ratification of fundamental ILO Conventions</p> <p>It shows the status of labour rights conventions. It refers to ratification of following 8 conventions: Freedom of association and collective bargaining (C.87, C.98), Elimination of forced and compulsory labour (C.29, C.105), Elimination of discrimination in respect of employment and occupation (C.100, C.111), Abolition of child labour (C.138, C.182).</p> <p>Number of Conventions ratified out of 8.</p> <p><small>Source: ILO¹⁰</small></p>	As of March 2017					
	<p>Sierra Leone</p>	8				
	<p>Rwanda</p>	8				
	<p>Ghana</p>	8				
	<p>Ivory Coast</p>	8				
<p>Political Rights Index</p> <p>The Political Rights index measures the degree of freedom in the electoral process, political pluralism and participation, and functioning of government.</p> <p><small>Source: Freedom House, The Freedom in the World Survey¹¹</small></p>		2012	2013	2014	2015	2016
	<p>Sierra Leone</p>	2	3	3	3	3
	<p>Rwanda</p>	6	6	6	6	6
	<p>Ghana</p>	1	1	1	1	1
	<p>Ivory Coast</p>	5	5	5	1	4
<p>Civil Liberties Index</p> <p>The Civil Liberties index measures freedom of expression, assembly, association, and religion.</p> <p><small>Source: Freedom House, The Freedom in the World Survey¹²</small></p>		2012	2013	2014	2015	2016
	<p>Sierra Leone</p>	3	3	3	3	3
	<p>Rwanda</p>	6	5	6	6	6
	<p>Ghana</p>	2	2	2	2	2
	<p>Ivory Coast</p>	5	4	4	4	4

⁹ <http://treaties.un.org/>

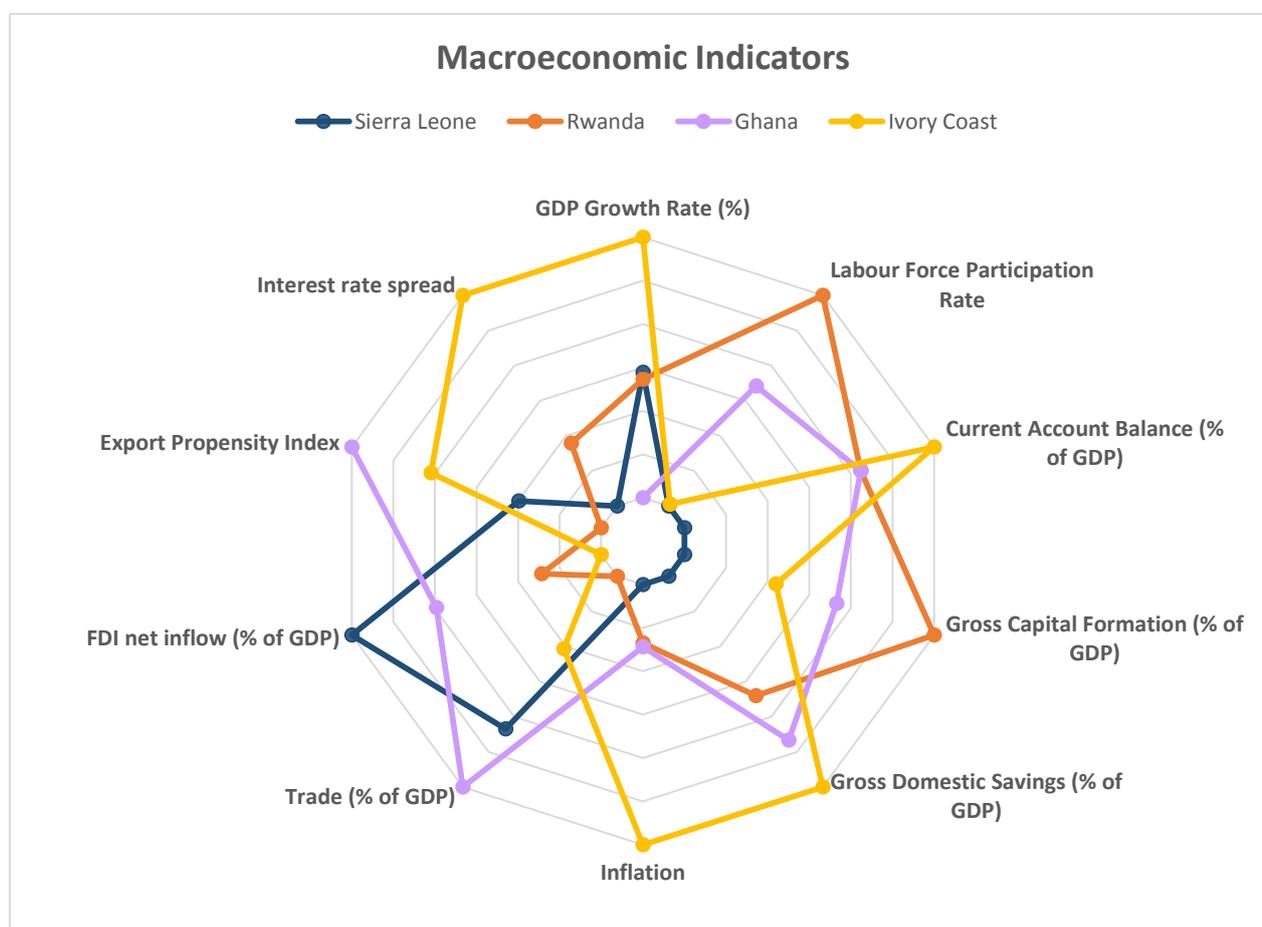
¹⁰ <http://www.ilo.org/ilolex/english/docs/declworld.htm>

¹¹ <http://www.freedomhouse.org/report-types/freedom-world>

¹² <http://www.freedomhouse.org/>

3. Economic elements

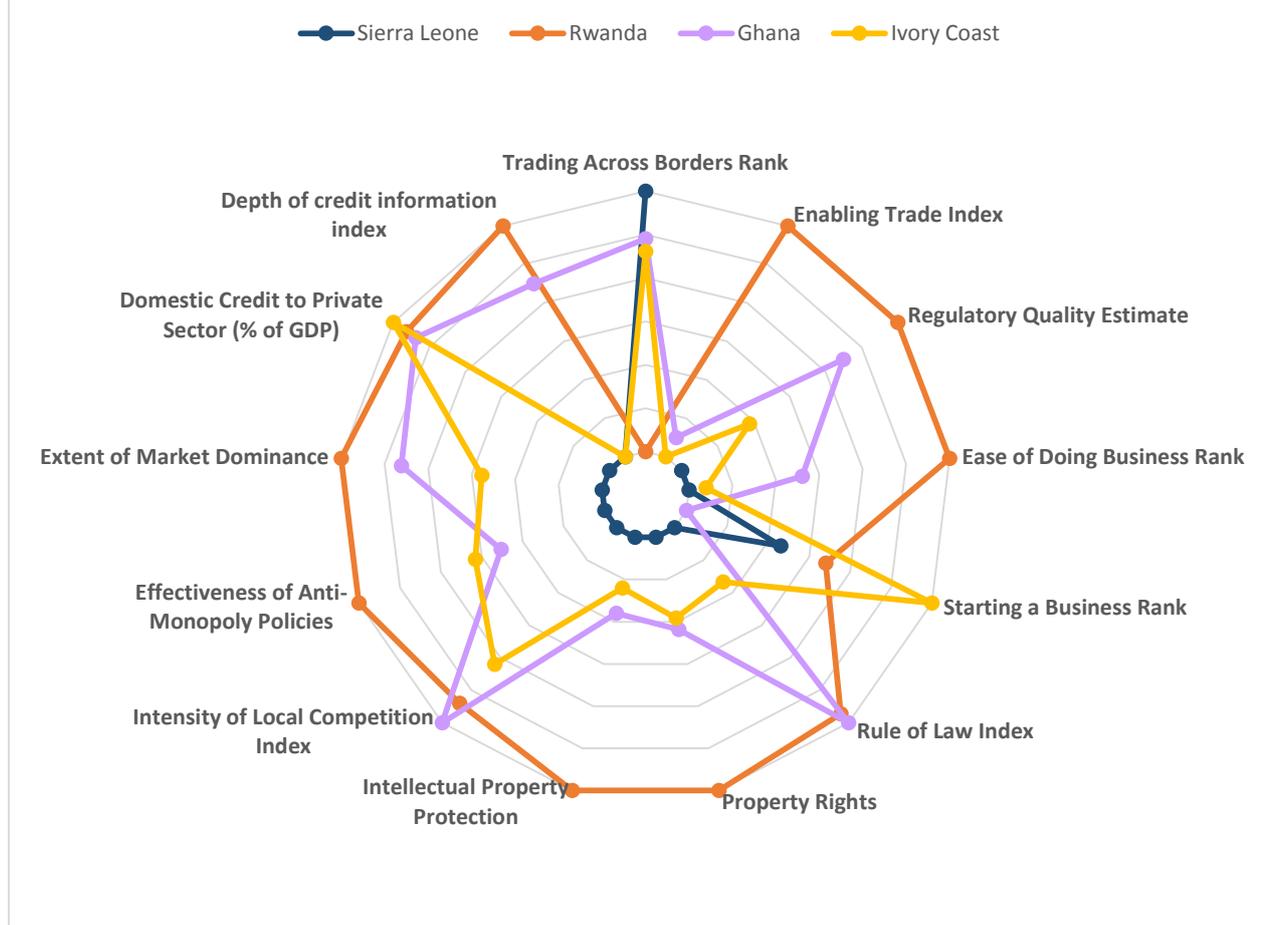
Indicators assessing economic elements of an enabling environment for sustainable enterprises



Note: the values for the individual indicators have been harmonized for better presentation and formatted so that the further from the centre a data point is, the better the country's performance in that regard. The original indicator values are included in the chapters.

- The impact of the decade-long civil war has been devastating on Sierra Leone's economy. There has been some recovery but the lack of inclusive growth remains an important issue.
- 20% of the population generated 50% of the income- indicating that though economic growth has not stagnated after the war, its impact on job-creation and poverty reduction has been marginal.
- The third and latest Poverty Reduction Strategy Paper, the Agenda for Prosperity 2013-2018 recommends a shift towards agricultural development and regional integration to avoid over reliance on extractives.
- In 2013 21% of the GDP came from mining.
- The tertiary sector, comprised of tourism, trade, transport, communication, finance and others, is the second most important sector in Sierra Leone, amounting to 35.3% of the national GDP in 2015.
- The recent drop in iron ore prices, as well as the outbreak of Ebola Virus Disease in 2014 have stunted the economy.
- Sierra Leone imports outweigh exports, with food, fuel, clothing and vehicles all being imported.
- The European Union (EU) is the country's largest buyer at about 80% of Sierra Leone's exports on average.
- Regional integration and trade are important for growth, which is also recognized by Sierra Leone EESE Survey respondents.
- The 2004 Investment Promotion Act promotes FDI in Sierra Leone by creating attractive conditions for investment but Ebola has hampered this.

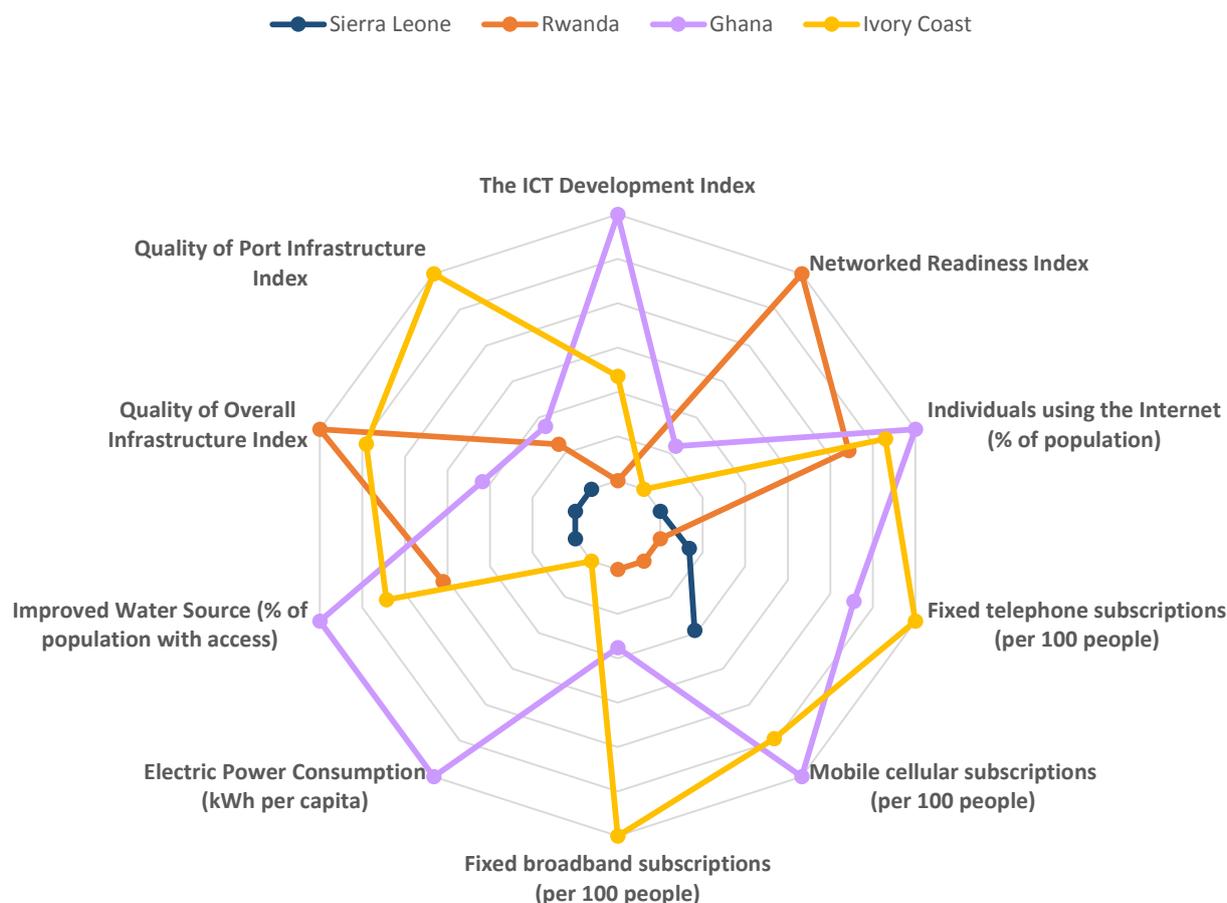
Access to Credit, Property and Competition Indicators



Note: the values for the individual indicators have been harmonized for better presentation and formatted so that the further from the centre a data point is, the better the country's performance in that regard. The original indicator values are included in the chapters.

- Import and export regulations in Sierra Leone can be burdensome to enterprises, especially with regards to the paperwork and costs at the border .
- The Automated System for Customs Data was adopted in 2010 to help streamline cross border trade.
- In the 2018 report, Sierra Leone had a Doing Business ranking of 160 out of 190 countries.
- In comparison with other Sub-Saharan African countries, Sierra Leone scores well on the easiness of starting a business.
- From the Sierra Leone EESE Survey we see that approximately 69% of small businesses expressed the opinion that the regulatory environment is either 'a major obstacle' or 'sometimes a hindrance' for them.
- Sierra Leone has a legislation system composed of English common law and customary law, where the former takes precedent over the latter.
- Intellectual property rights implementation in Sierra Leone remains a challenge due to low capacity for enforcement and limited awareness about the issue.
- A majority of Sierra Leone EESE Survey respondents were sceptical about the police's ability to protect their businesses from criminal behaviour.
- In 2012, the government implemented the Competition and Consumer Protection Policy but related laws to protect competition are yet to be enacted.
- In 2012 the New Business Density was low, at 0.32 i.e the proportion of newly registered, limited liability companies per 1000 working age people (15 to 64 years old), in Sierra Leone.
- In general the private sector is underdeveloped.

ICT and Infrastructure Indicators



Note: the values for the individual indicators have been harmonized for better presentation and formatted so that the further from the centre a data point is, the better the country's performance in that regard. The original indicator values are included in the chapters.

- Since the late 2010s, the GoSL has engaged in a large-scale campaign of privatisation of the ICT sector.
- ICT is probably the most promising infrastructure sector in Sierra Leone. In comparison internet usage remains underdeveloped.
- In 2015 barely 3% of the population had access to broadband internet.
- The lack of access to finance is the main obstacle to entrepreneurship and SME development in Sierra Leone.
- There were approximately 197,000 commercial bank accounts in Sierra Leone in 2008, and the country's bank branch penetration was the lowest of the continent. In 2014 13.7% of adults had bank accounts.
- The mobile money transfer market has huge growth potential.
- The Sierra Leone EESE Survey found that approximately 56% of respondents stated that policies of the financial sector were either 'not conducive' or 'hardly conducive' to small enterprise growth.
- Public services in Sierra Leone are among the costliest in Africa whilst their penetration rates are among the lowest on the continent.
- Migration from rural areas to urban centres has put a strain on existing infrastructure.
- Less than 10% of the existing road network is paved.
- Improvements to transport infrastructure would support the growth of the agricultural sector.

3.1. Sound and stable macroeconomic policy and good management of the economy

Macroeconomic policies ought to guarantee stable and predictable economic conditions. Sound economic management should combine the objectives of creating more and better jobs, combating inflation, and implementing policies and regulations that stimulate long-term productive investment. The impact of the decade-long civil war has been devastating on Sierra Leone's economy. There has been some recovery but the lack of inclusive growth remains an important issue. Economic growth has been rather dynamic, post-war/pre-Ebola, but its impact on job creation and poverty has been marginal (AfDB, 2013a). The country's GINI coefficient is also high, with 20% of the population generating 50% of the country's income (ibid). However over one in two citizens, 53% in urban areas and 66% in rural areas, lives below the poverty line (AfDB, 2015; Curtis, 2014). The EVD outbreak in 2014 severely disturbed Sierra Leone's growth trajectory. The country was the most impacted of all of the affected states, with over 14,000 identified cases (WHO, 2017). There were drastic economic consequences, most notably in terms of agricultural outputs and the negative impact on tourism and foreign investments (Crisman, 2017).

As a result of the civil conflict, the drivers of Sierra Leone's macroeconomic planning have been reconstruction and structural changes. The country has already undertaken three consecutive development plans since the National Recovery Strategy, initiated in partnership with the United Nations Mission in October 2002. From 2005 onwards, national strategy papers began moving away from humanitarian emergency and towards economic growth, food security, creating jobs and improving governance (AfDB, 2015). In parallel with Sierra Leone's peace and stability objectives illustrated by its adherence to the g7+, the second Poverty Reduction Strategy Paper (PRSP), the Agenda for Change 2008-2012 also concentrated on state-building and establishing national institutions for the benefit of people.

The third and latest PRSP, the Agenda for Prosperity (2013-2018), took a longer-term approach, in line with similar strategies in the region. The 2013 PRSP addresses inclusive and sustainable growth, at an average rate of 7% per year so as to enable Sierra Leone to become a middle-income country by 2035. This PRSP also acknowledges the issue of Sierra Leone's structural economic weakness, due to the reliance on extractive industries development in recent years, and its consequent dependence on international commodity prices (AfDB, 2015). The plan recommends a shift towards agricultural development and regional integration (ibid).

The primary sector, mining, agriculture, fishing and hunting activities, play a considerable role in growth, but non-mining activities have yet to be developed further so as to be effectively able to counteract fluctuating mineral export revenues. Sierra Leone's economic growth relies largely on mineral extraction with mining contributing to a large chunk of the country's GDP. In 2009, 3% of the Sierra Leonean GDP came from mining, a share risen up to 15.3% in 2012 and 21% in 2013, following a boom in the international demand for minerals and the subsequent rise in FDI targeting this sector (WB, 2013a; AfDB, 2015).

The country is endowed with mineral reserves in diamonds, iron ore, chromite, platinum, rutile, bauxite, gold, ilmenite, zircon and other rare minerals (Evoh, 2017). The sector is divided into three main categories: extensive production of rutile and bauxite; extensive production of

diamonds; and scaled-down and artisanal production of diamonds and other precious minerals such as gold (ibid).

Although the mineral sector has good potential to advance growth in Sierra Leone, it is estimated that much of the revenues are lost to insufficient resource mobilisation, most notably because of considerable tax breaks in this sector (Evoh, 2017). A report commissioned by the Budget Advocacy Network in Sierra Leone asserts that overgenerous tax incentives are partly responsible for the country's sluggish growth (Curtis, 2014). Although the prevalence of the informal economy also contributes to the resource mobilisation deficit, the report estimated that in 2011 and 2012, tax breaks granted to foreign companies led to losses equivalent to 13.7% and 8.3% of the GDP in those two years respectively. The average amount of revenue loss for each of these two years was estimated at SLL 840.1 billion, USD 199 million (ibid). It was also estimated that such losses, largely to two multinationals would keep rising in the following years.

The lack of inclusive growth in Sierra Leone may be attributed to poor resource mobilisation capabilities in the country's main sector, but also to the fact that extractive industries are usually not labour intensive (Evoh, 2017). Diamond and gold extraction tends to require more labour than other mineral extraction activities, but these are tied to additional challenges in terms of governance and control. Sierra Leone lacks sufficiently developed alternative industries (AfDB, 2015).

In order to achieve its 2035 objectives on agricultural development, Sierra Leone will have to invest substantially in other sectors. Conditions in agriculture are favourable, with three quarters of arable land suitable for the cultivation of crops. The land is largely uncultivated, since only about 10% is currently under use (AfDB, 2015). Pre-Ebola, national agricultural production was already unable to meet consumption needs, and grains had to be imported. This sector contributed to 61.3% of the GDP in 2015 but agricultural production largely relies on small-scale farming, often solely concentrated on subsistence crops (AfDB/OECD/UNDP, 2017).

The tertiary sector, comprised of tourism, trade, transport, communication, finance and others, is the second most important sector in Sierra Leone, amounting to 35.3% of the national GDP in 2015 (AfDB/OECD/UNDP, 2017). Wholesale and retail commerce yield the most revenues, due to the steady rise of urban population (ibid). Tourism also holds potential and was a much more developed sector before the civil war. The derelict state of the country's physical infrastructure is a major obstacle to the development of this industry, and so is the psychological impact of Ebola on potential tourists. Sierra Leone also lacks skilled hospitality workers due to insufficient training (AfDB/OECD/UNDP, 2017). It was estimated in 2012 that Sierra Leone had the "28th fastest growing tourism economy in the world" and that the sector was set to double its revenues and contribute as high as 8% of the GDP (ibid). The EVD disrupted this forecast and tourism directly contributed to only 1.4% of the GDP in 2016 (WTTC, 2017). The World Travel & Tourism Council nevertheless expects that the sector will recover to contribute to 7.1% of the GDP this year and support 44,000 jobs directly and indirectly (ibid). The Ministry of Tourism and Cultural Affairs and the National Tourism Board have not yet benefited from these revenues and lack the capacity to upscale the training required for the sector to grow further (AfDB/OECD/UNDP, 2017).

From 2002 and until the EVD outbreak, Sierra Leone averaged a 6% annual GDP growth, mainly driven by mining, but also by agriculture (46% of the GDP in and 73% of jobs in 2013) and

services (WB, 2013a). Sierra Leone's economy has faced two important setbacks since then. Firstly, iron ore prices have dropped dramatically in 2014, causing the quasi-obliteration of this national industry in the following year (AFDB/OECD/UNDP, 2017). Secondly, the impact of the 2014 EVD outbreak on Sierra Leone's economy has been devastating. The government reported that 50% of private sector jobs were lost and that agricultural yields and manufacturing outputs dropped by 30% to 60% as a result of the virus (IMF, 2016). As a result of both these crises, GDP growth dropped sharply though this has since recovered a little. The International Monetary Fund (IMF) estimated in 2016 that a return to Sierra Leone's growth trajectory should be expected by 2018. Although the crisis may have long term effects on the country's GDP, tourism sector and FDI flows, Ebola's impact on growth is expected to only be 'temporary' (IMF, 2016). Sierra Leone offers great opportunities for investors; foreign investors are already active in energy, infrastructure, agriculture, fisheries, tourism and natural resources (USDS, 2017). The GoSL National Ebola Recovery Strategy seeks to overcome the EVD crisis by rebuilding the health sector, improving social protection, and inviting foreign investment to boost economic growth (ibid.)

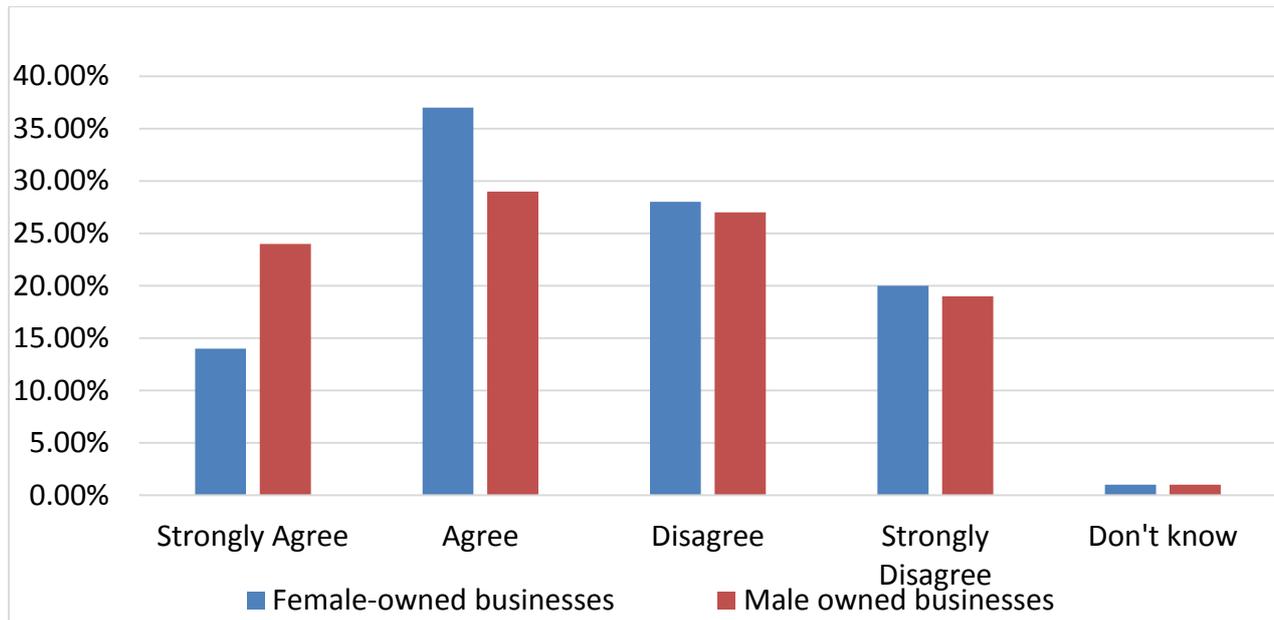
Sierra Leone is largely dependent on international aid, which has increased recently. In 2015, it received USD 1.015 billion in aid, over 6% of which specifically within the Aid for Trade program (OECD/WTO, 2017). The main donors were the European Union, the United Kingdom, the African Development Fund, Japan and the Organization of Petroleum Exporting Countries (ibid). There were also funds disbursed by several international organizations during the EVD outbreak and to finance the post-Ebola reconstruction, such as the Ebola Recovery and Reconstruction Trust Fund.

Inflation almost doubled between 2015 and 2016, to reach 15.26% in November 2016, mainly as a result of the government's removal of subsidies on fuel (AfDB/OECD/UNDP, 2017). Inflation was also triggered by the depreciation of the Leone currency (ibid). Sierra Leone benefitted from the Heavily Indebted Poor Countries program and the Multilateral Debt Relief Initiative in late 2005 (AFDB/OECD/UNDP, 2017). At present, Bretton Woods institutions estimate that the national debt is manageable and unlikely to lead the country into hardship. The external debt, which was worth USD 1.53 billion in late 2016, had recently risen from 21.3% in late 2013, to 41.3% of the GDP owing to additional loans for reconstruction post EVD, and infrastructure investments (IMF, 2017). The government has demonstrated limited budget control, most notably in terms of its wage bill and "non-salary/non-interest" expenditures (AFDB/OECD/UNDP, 2017).

Macroeconomic policies should guarantee stable and predictable economic conditions. Sound economic management should combine the objectives of creating more and better jobs, combating inflation, and implementing policies and regulations that stimulate long-term productive investment. The survey asked for respondents' opinions on the impact of company tax rates, goods and services tax (GST) rates, pay-as-you-earn (PAYE) rates and social security contributions on overall economic growth.

On the question of stewardship of Sierra Leone's economy, KII participants agreed that this has not been managed well, which in turn has had a negative impact on business growth. Small business owners commented that current macroeconomic policies posed a significant constraint, leading to reduced salaries and benefits for their staff, as well as tax and social security payments.

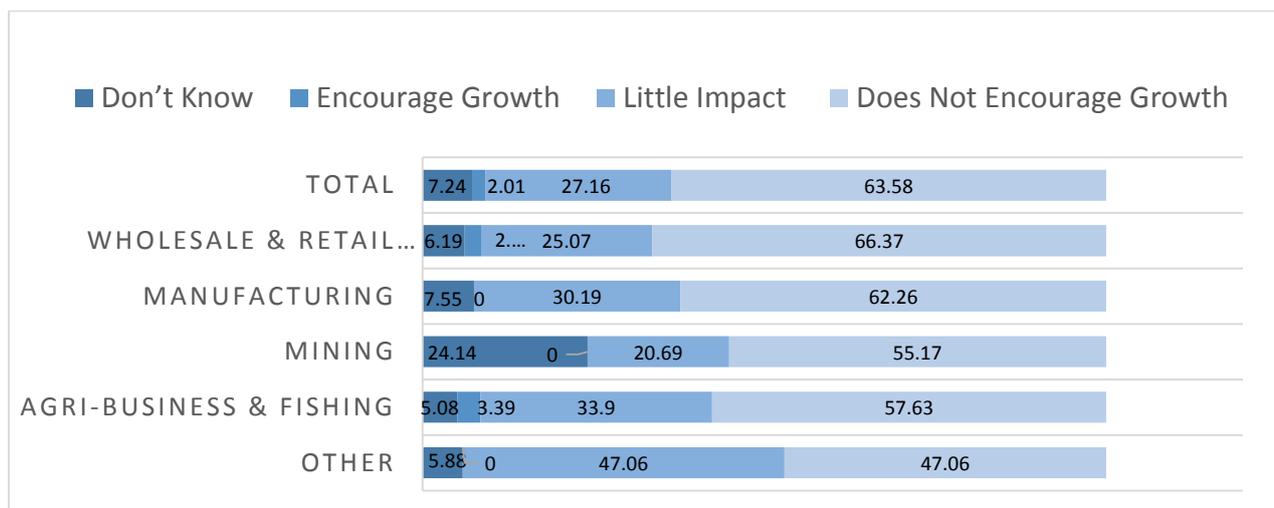
Figure 6: To what extent do you agree with the following statement: “Sierra Leone has a sound and stable macroeconomic environment and its economy is well managed”?



Source: Sierra Leone EESE Survey

When asked what impact they believed tax rates have on business growth in Sierra Leone, around 64% of respondents stated that it does not encourage growth. This is relatively consistent across all sectors. Only around 2% expressed the opinion that it encourages growth, with 27% stating that it has little impact.

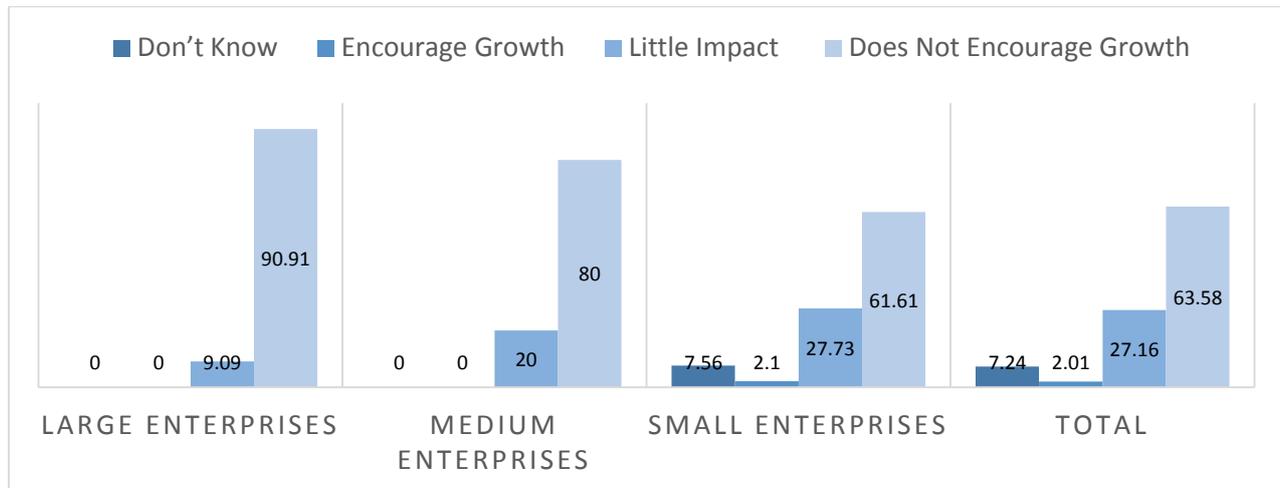
Figure 7: What impact do you think that company tax rates have on business growth in Sierra Leone?



Source: Sierra Leone EESE Survey

Respondents from larger firms were more likely to express the view that tax rates do ‘not encourage growth’. Around 91% of large enterprises and 80% of medium-sized enterprises shared this view, compared to 62% of small enterprises.

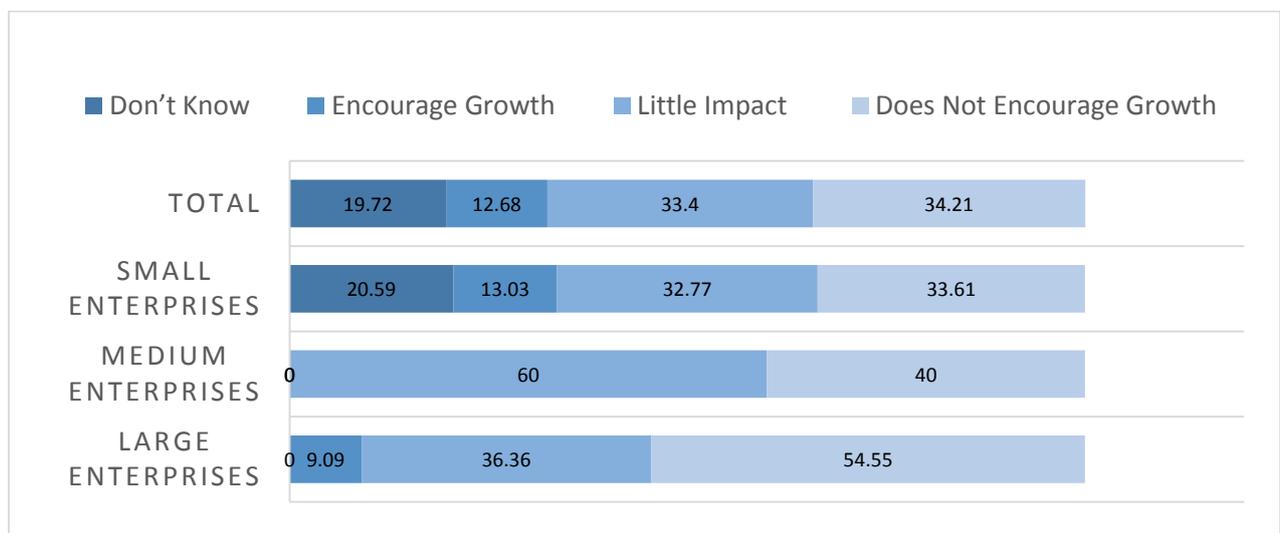
Figure 8: What impact do you think that company tax rates have on business growth in Sierra Leone?



Source: Sierra Leone EESE Survey

The perception survey administered to employers asked whether social security contributed to business growth. Only around 13% expressed the opinion that it does, while 34% stated that it ‘does not encourage growth’. Again, larger firms expressed more negative views about the impact of social security on business growth. 40% of medium-sized firms and 55% of large firms stated that social security contributions ‘do not encourage growth’, compared to 34% of small enterprises.

Figure 9: What impact do you think that National Social Security and Insurance Trust (NASSIT) contributions have on business growth in Sierra Leone?



Source: Sierra Leone EESE Survey

Among KII participants, owners and managers of small and micro enterprises generally commented that larger firms had advantages in terms of meeting their tax and social security obligations due to their greater financial capacity. However, participants from medium-sized and large firms disagreed with this assertion. They stated that, because of a general perception that

larger businesses (especially in wholesale and retail trade) generated significant profits, they faced more harassment from government officials looking for a bribe. This also meant that they faced greater scrutiny from the authorities.

Table 6: What impact do you think that GST rates have on business growth in Sierra Leone?

	Small enterprise	Medium enterprise	Large enterprise
Does Not Encourage Growth	63%	80%	100%
Don't know	7%	0%	0%
Encourage Growth	6%	0%	0%
Little Impact	24%	20%	0%
Total	100%	100%	100%

Source: Sierra Leone EESE Survey

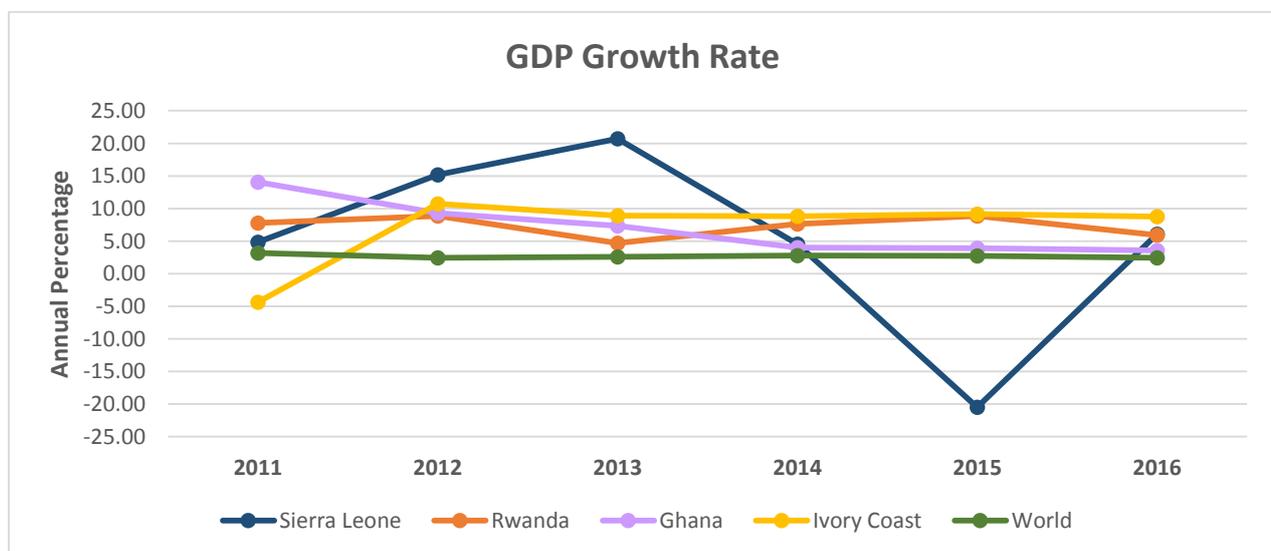
Table 7: What impact do you think that PAYE rates have on business growth in Sierra Leone?

	Small enterprise	Medium enterprise	Large enterprise
Does Not Encourage Growth	46%	80%	55%
Don't know	16%	0%	0%
Encourage Growth	10%	0%	0%
Little Impact	28%	20%	45%
Total	100%	100%	100%

Source: Sierra Leone EESE Survey

The Sierra Leonean economy went from a GDP growth of 4.81% in 2011 to -20.49% in 2015, rebounding to 6.07% in 2016. In 2016 Ivory Coast had the highest GDP at 8.7% while Rwanda was at 5.93% and Ghana at 3.58%.

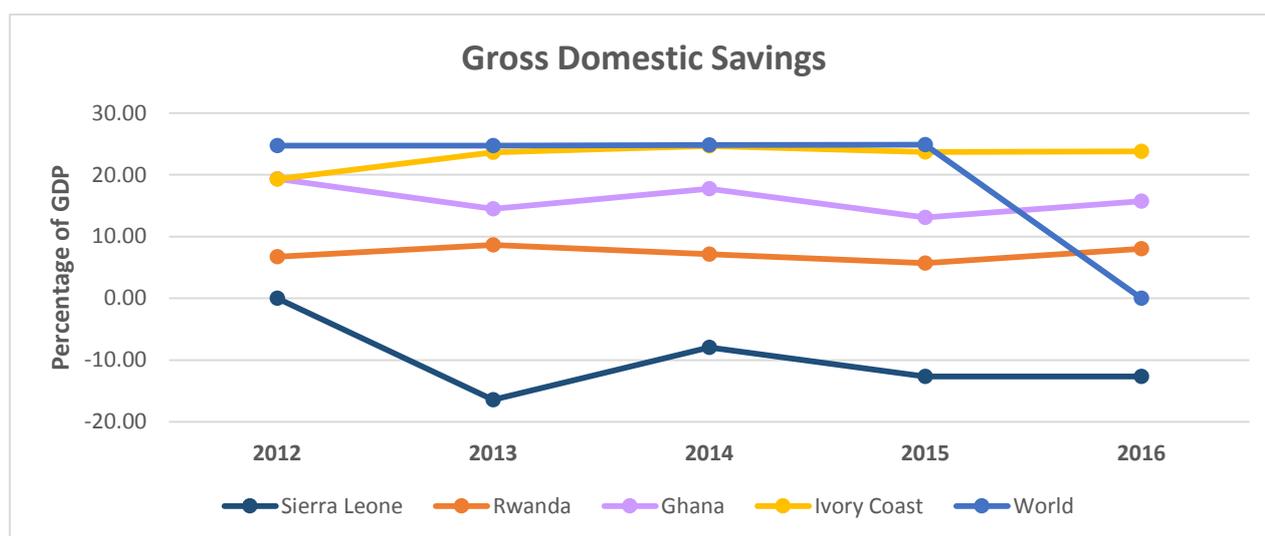
Graph 6: GDP growth rate



Source: World Bank, World Development Indicators

Gross domestic savings are calculated by deducting total final consumption expenditure from GDP at current prices. It is an indicator of a country's capacity to invest in fixed capital and economic growth. Sierra Leone's gross domestic savings as a percentage of GDP has gone from 0.01 in 2012 to -16.44 in 2013, but this has improved a little bit to -12.64% in 2016. In 2016 Rwanda was at 8.01%, Ghana was at 15.72% and Ivory Coast was at 23.80%.

Graph 7: Gross domestic savings



Source: World Bank Databank, World Development Indicators Online

According to ILO data found on the World Bank's World Development Indicators database, the "Labour Force Participation Rate" (LFPR) in Sierra Leone was 66.93% in 2016, having risen slightly from 66.53% in 2012. Rwanda was highest of the comparison countries at 84.88% in 2016, while Ghana was at 77.09% and Ivory Coast was at 66.99%.

Key macroeconomic indicators, selected countries

Key Indicators	2011	2012	2013	2014	2015	2016
GDP growth rate (per cent) Measures the annual percentage growth rates of all value added goods and services produced in the country. GDP is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources. ¹³ Annual percentage growth rate of GDP. <u>Source:</u> World Bank Databank, World Development Indicators Online ¹⁴						
Sierra Leone	4.81	15.18	20.72	4.56	-20.49	6.07
Rwanda	7.79	8.84	4.70	7.62	8.87	5.93
Ghana	14.05	9.29	7.31	3.99	3.92	3.58
Ivory Coast	-4.39	10.71	8.89	8.79	9.16	8.76
World	3.16	2.44	2.60	2.79	2.73	2.44

¹³ World Bank: World Development Indicators

¹⁴ <http://databank.worldbank.org/data/home.aspx>

Key Indicators																																									
<p>Labour Force Participation Rate</p> <p>The labour force participation rate is the proportion of the population ages 15-64 that is economically active: all people who supply labour for the production of goods and services during a specified period. The labour force participation rate is calculated by expressing the number of persons in the labour force as a percentage of the working-age population. The labour force is the sum of the number of persons employed and the number of unemployed. The working-age population is the population above a certain age, prescribed for the measurement of economic characteristics.</p> <p><u>Source:</u> World Bank Databank, World Development Indicators Online¹⁵</p>	<table border="1"> <thead> <tr> <th></th> <th>2012</th> <th>2013</th> <th>2014</th> <th>2015</th> <th>2016</th> </tr> </thead> <tbody> <tr> <td>Sierra Leone</td> <td>66.59</td> <td>66.64</td> <td>66.70</td> <td>66.77</td> <td>66.83</td> </tr> <tr> <td>Rwanda</td> <td>85.23</td> <td>85.10</td> <td>84.92</td> <td>84.91</td> <td>84.88</td> </tr> <tr> <td>Ghana</td> <td>75.66</td> <td>76.77</td> <td>76.82</td> <td>76.97</td> <td>77.09</td> </tr> <tr> <td>Ivory Coast</td> <td>67.00</td> <td>66.97</td> <td>66.96</td> <td>66.97</td> <td>66.99</td> </tr> </tbody> </table>							2012	2013	2014	2015	2016	Sierra Leone	66.59	66.64	66.70	66.77	66.83	Rwanda	85.23	85.10	84.92	84.91	84.88	Ghana	75.66	76.77	76.82	76.97	77.09	Ivory Coast	67.00	66.97	66.96	66.97	66.99					
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<p>Current account balance (per cent of GDP)</p> <p>Current account balance (also called 'current account surplus/deficit') is the sum of net exports of goods and services, net income, and net current transfers. It is a record of a country's transactions with the rest of the world. It shows whether a country is 'living within its means'. If a country is spending more abroad than it earns from the rest of the world then corrective action will be necessary, e.g. to maintain the value of the country's currency in relation to other countries' currency. The balance of payments is a double-entry accounting system that shows all flows of goods and services into and out of an economy. All transactions are recorded twice - once as a credit and once as a debit. In principle the net balance should be zero, but in practice the accounts often do not balance, requiring inclusion of a balancing item, net errors and omissions. Positive current account (surplus) balance is associated with positive net exports. If the current account balance is negative, it measures the portion of domestic investment financed by foreigners' savings.</p> <p><u>Source:</u> International Monetary Fund, World Economic Outlook Database¹⁶</p>	<table border="1"> <thead> <tr> <th></th> <th>2010</th> <th>2011</th> <th>2012</th> <th>2013</th> <th>2014</th> <th>2015</th> </tr> </thead> <tbody> <tr> <td>Sierra Leone</td> <td>-9.64</td> <td>-8.98</td> <td>-8.99</td> <td>-9.54</td> <td>-11.05</td> <td>-11.31</td> </tr> <tr> <td>Rwanda</td> <td>-7.26</td> <td>-5.85</td> <td>-6.16</td> <td>-5.40</td> <td>-6.04</td> <td>-5.15</td> </tr> <tr> <td>Ghana</td> <td>-12.80</td> <td>-8.12</td> <td>-7.52</td> <td>-7.79</td> <td>-5.06</td> <td>-5.15</td> </tr> <tr> <td>Ivory Coast</td> <td>4.45</td> <td>3.21</td> <td>0.37</td> <td>0.01</td> <td>-1.08</td> <td>-2.59</td> </tr> </tbody> </table>							2010	2011	2012	2013	2014	2015	Sierra Leone	-9.64	-8.98	-8.99	-9.54	-11.05	-11.31	Rwanda	-7.26	-5.85	-6.16	-5.40	-6.04	-5.15	Ghana	-12.80	-8.12	-7.52	-7.79	-5.06	-5.15	Ivory Coast	4.45	3.21	0.37	0.01	-1.08	-2.59
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¹⁵ <http://databank.worldbank.org/data/home.aspx>

¹⁶ <http://www.imf.org/external/pubs/ft/weo/2010/01/weodata/index.aspx>

Key Indicators	
Gross Domestic Savings (per cent of GDP)	
Gross domestic savings are calculated by deducting total final consumption expenditure from GDP at current prices. A high gross domestic saving rate usually indicates a country's high potential to invest. Savings can therefore be vital to the amount of fixed capital available, which in turn can contribute to economic growth. However, increased savings do not always correspond to increased investment. If savings are not deposited into a financial intermediary like a bank, there is no chance for those savings to be recycled as investment by businesses. This means that saving may increase without increasing investment, possibly causing a shortfall of demand rather than economic growth. In the short term, if savings fall below investment, it can lead to growth of aggregate demand and economic boom. In the long term if savings fall below investment it eventually reduces investment and detracts from future growth.	
	2012 2013 2014 2015 2016
Sierra Leone	0.01 -16.44 -7.98 -12.63 -12.64
Rwanda	6.74 8.66 7.12 5.71 8.01
Ghana	19.34 14.46 17.74 13.08 15.72
Ivory Coast	19.26 23.65 24.64 23.70 23.80
World	24.72 24.70 24.81 24.89
<small>Source: World Bank Databank, World Development Indicators Online.</small>	

3.2. Trade and sustainable economic integration

Trade integration, internationally, regionally and domestically, can lead to positive employment effects through efficiency gains. However, as trade integration can also lead to job dislocation, increased informality and growing income inequality, the employment and decent work impact of trade policies must be carefully considered.

Trade is an important element of Sierra Leone's GDP. It reached a high of over 80% of the GDP between 2011 and 2014 before settling at 77.5% last year (World Bank Development Indicators). Sierra Leone adheres to the General Agreement on Tariffs and Trade (GATT) and has been a member of the World Trade Organisation (WTO) since 1995. At the regional level, Sierra Leone is a founding member of the Economic Community of West African States (ECOWAS) and of the Mano River Union (MRU). It also became a member of the Community of Sahel-Saharan States (CENSAD) in 2008.

Through these memberships, the government aims to improve the country's regional trade integration as intra-MRU trade currently accounts for under 1% of Sierra Leone's volume of trade (AFDB/OECD/UNDP, 2017). The MRU is composed of four member states: Sierra Leone, Guinea, Liberia and Ivory Coast, all of which have experienced civil unrest in recent years. Up to 2008, the union's mandate had shifted toward security and maintaining peace, while it is now concentrating on economic growth and regional trade integration (WB, 2013b). Similarly, ECOWAS aims at developing regional channels of transport to facilitation trade (AfDB, 2015).

Sierra Leone usually has its tariffs aligned alongside those of other ECOWAS countries. It complies with the ECOWAS Common External Tariff which sets tariff rates (0 to 35%) according to

the type of goods traded (WB, 2013b). On average, Sierra Leone applied a 12.9% tariff (inclusive of excise tax and ECOWAS rate) in 2011, which was somewhat higher than its ECOWAS peers (ibid). Until now, the trade policy has been rather soft and export licenses non-existent for most items. Traders reported that the lack of transparency around tariffs was problematic and often led to incorrect taxing by the authorities (ibid). In 2017 Sierra Leone had begun to tighten its import trade policies and has instituted additional taxes and tariffs in its new budget. The government's aim in doing so is to raise tax revenues and encourage import substitution (AFDB/OECD/UNDP, 2017).

Sierra Leone's imports usually outweigh exports, a trend inherited from colonial times and exacerbated by the civil conflict's destructive impact on Sierra Leone's domestic industries. Sierra Leone usually imports fuel, food stuff (rice was the main import in 2016), second-hand vehicles and clothing (WB, 2017b). In the past, Northern countries provided the bulk of imports but China has recently risen to become a substantial supplier (AfDB, 2011a). Sierra Leone is no exception to the West African tendency to trade more outside of the continent than with its regional neighbours. The European Union (EU) was the country's largest buyer at 80% of Sierra Leone's exports on average, and an important supplier at about 30% of merchandise imports in 2011 (ibid).

Exports, which were rather diversified before the war, mainly consisted of minerals and cocoa (one of the residuals from the country's pre-war economy) during the pre-Ebola period (AfDB, 2011a). Before the conflict, export propensity was between 25-35% of the domestic production. In the early 2010s, this rate dropped to 16%, and doubled in 2012 before settling at 23.54% in 2016 (WB, 2017b). Overall, the country's trade ability is weak, most particularly at the regional level. Although the Sierra Leone Investment and Export Promotion Agency (SLIEPA) strives to boost exports, it has so far done so by focusing on global trade rather than trans-border, or even regional exchanges (AfDB, 2011a). SLIEPA facilitates and promotes investment incentives, facilitates registration of business enterprises, assists investors with obtaining permits and other requirements for commencing business, as well as assisting potential investors in identifying joint venture partners in Sierra Leone with the aim of fostering the relationship between public and private sectors (SLIEPA, 2018). The country benefits from global preferential trade agreements such as the EU's Everything But Arms Initiative and the USA's African Growth and Opportunity Act (WTO, 2017).

Recently, Ivory Coast has become an important trading partner. For the year 2016, just under 35% of the value of Sierra Leonean's exports came for Ivorian purchasing (WB, 2017b). The United States and Belgium remained in the top importers of Sierra Leonean goods and services that same year, followed by China and the Netherlands (ibid). The country's subjection to international demand and commodity prices is evident from the fact that the leading export sectors vary substantially from one year to another, as well as do GDP contributions for each sector of activity. In 2012, Sierra Leone exported USD 1.1 billion worth of diamonds, iron ore and rutile concentrate, which amounted to 70.7% of the country's GDP (Evoh, 2017). Last year, shrimps, honey, starch products, fish and cocoa were the country's main export products (WB, 2017b).

The government is dedicated to ensuring that legislation is open to foreign investments. In 2004, Sierra Leone adopted the Investment Promotion Act, enabling investors to reclaim profits and capital freely, provided that they have paid the taxes they were subjected to. The law enables enterprises to sustain losses as long as required. Foreign businesses are protected from potential

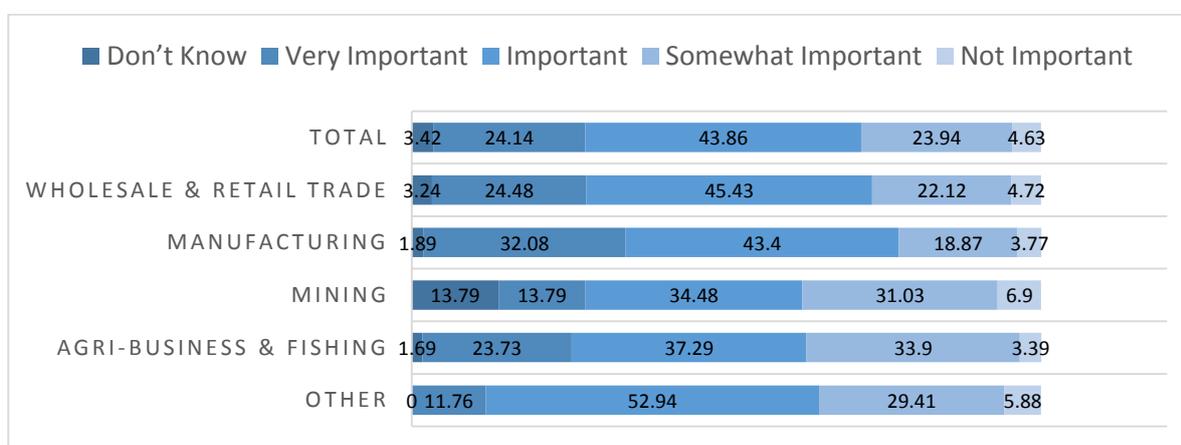
nationalisation, and the law facilitates the recruitment of expatriate staff through labour custom exemptions for foreign staff (Manuel & Katiyo, 2017; the Investment Promotion Act 2004).

The EVD crisis has curbed foreign direct investment (FDI) in Sierra Leone. Before Ebola, FDI aimed at the mining sector was on the rise (740 million US\$ in 2012). These waves of FDI played a large role in the development of ICTs in the country (AfDB, 2015). FDI have a tendency to concentrate on mining, but also transports, storage and ICTs. These four sectors made up for 95.8% of FDI pre-EVD (WB, 2013b). The Investment Promotion Agency has since worked actively to re-attract investors. In 2015, the agency led Sierra Leone’ involvement in the “Back to Growth” initiative of the Dutch Ministry of Foreign Affairs which set up a platform conference for investors (private sector, governments, development banks, NGOs and multilateral organisations) to learn about investment opportunities in Guinea, Liberia and Sierra Leone (MFA, 2015).

Regional trade integration can lead to positive employment effects through efficiency gains. Even though trade integration can also lead to job dislocation, increased informality and growing income inequality, the employment and decent work impact of trade policies must be carefully considered in such a way that it promotes local trade and sustainable macroeconomic environment. In the Sierra Leone EESE survey indicators were collected that measured the impact of import taxes, opinions on the overall importance of regional integration and efficiency of customs authorities as gate keepers of regional trade. When asked about the importance of regional economic integration for economic growth in Sierra Leone, 68% of respondents stated that this was either ‘important’ or ‘very important’. This view was particularly strong among enterprises in the manufacturing and wholesale and retail trade sectors, of whom 75% and 70% respectively shared these opinions.

The opinions of KII participants clearly diverged according to firm size. While most large and medium-sized firms expressed the view that trade liberalisation has little impact on businesses, they believed that it hinders small businesses from growing due to the increased competition that is created for domestic products. Small business participants disagreed. They stated that economic integration is beneficial because with increased imports of goods from neighbouring countries, they would be able to increase trade volumes, which would allow them to lower prices and sell more goods.

Figure 10: How important is regional economic integration for economic growth in Sierra Leone?



Source: Sierra Leone EESE Survey

Medium and large enterprises were more likely to hold a negative view of import taxes. While 63% of small enterprises stated that import taxes ‘does not encourage growth’, 91% of large enterprises and 80% of medium enterprises gave the same response.

Table 8: What impact do you think that import taxes/customs excise duties and other shipping costs (including ports processes) have on business growth in Sierra Leone?

	Small enterprise	Medium enterprise	Large enterprise
Does Not Encourage Growth	63%	80%	91%
Little Impact	28%	10%	9%
Encourages Growth	2%	10%	0%
Don't know	8%	0%	0%
Total	100%	100%	100%

Source: Sierra Leone EESE Survey

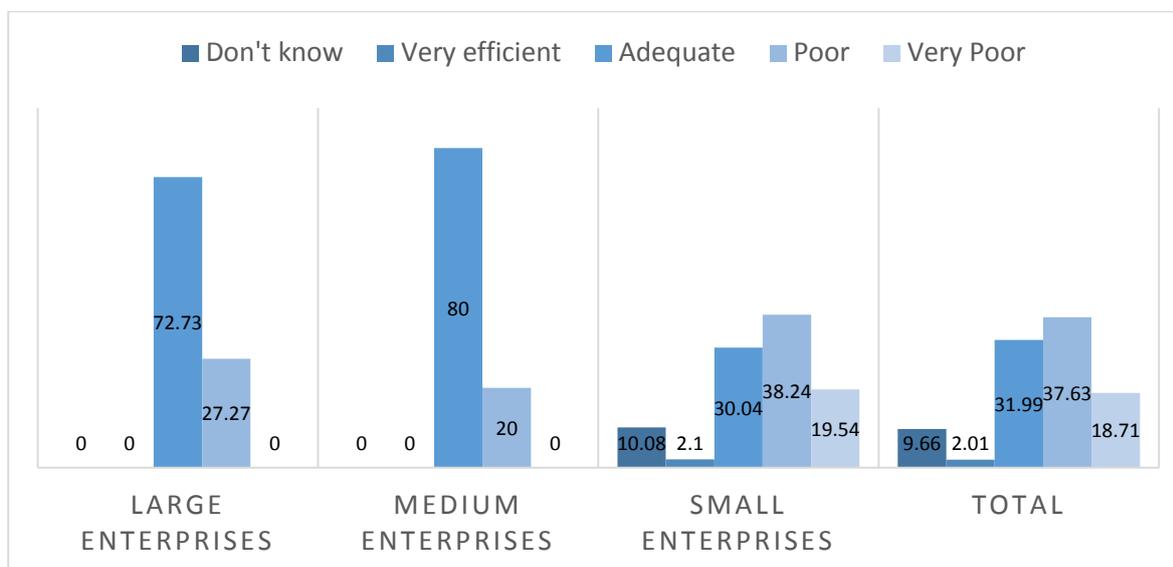
Table 9: How important are measures aimed at controlling imports in order to protect domestic industries?

	Small enterprise	Medium enterprise	Large enterprise
Don't know	3%	0%	0%
Not Important	16%	0%	9%
Somewhat Important	22%	90%	91%
Important	32%	0%	0%
Very Important	27%	10%	0%
Total	100%	100%	100%

Source: Sierra Leone EESE Survey

When enterprises were asked about the efficiency of the customs authorities when it comes to processing imports and exports, most respondents expressed the view that they were either ‘poor’ or ‘very poor’. However, a clear divergence emerged between small firms on the one hand and larger firms on the other. While approximately 58% of small firm respondents shared these opinions, 27% and 20% of large and medium-sized firms respectively assessed their efficiency as ‘poor’.

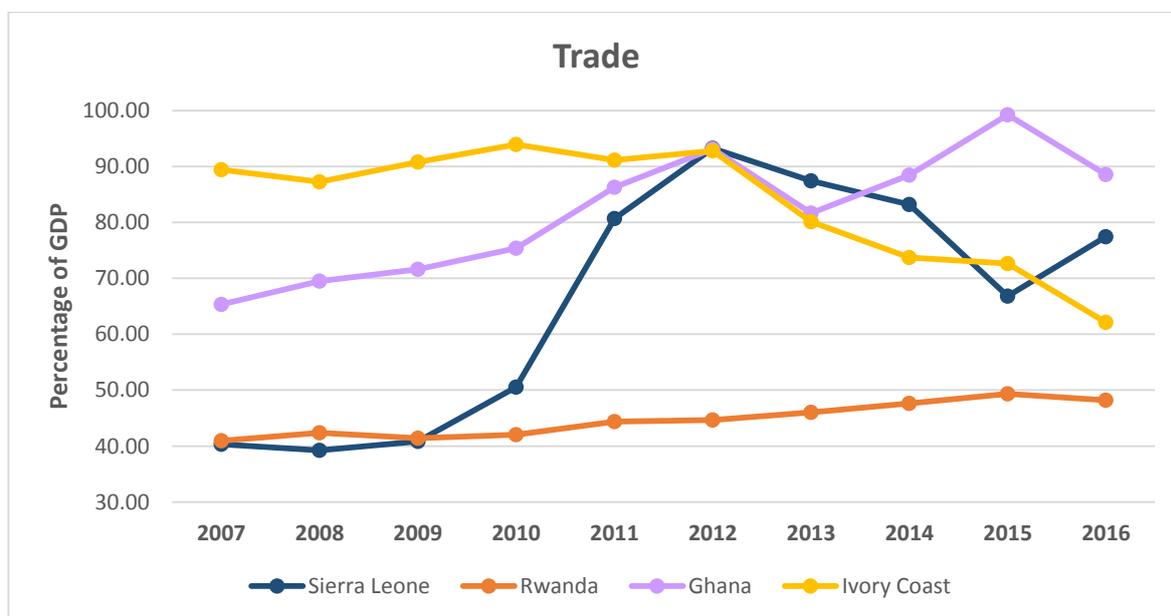
Figure 11: How would you assess the efficiency of customs authorities to process imports and exports?



Source: Sierra Leone EESE Survey

“Trade” as an indicator measures the sum of exports and imports of goods and services as a share of GDP. Sierra Leone’s trade as a percentage of GDP peaked in 2012 at 93.27%, dropping in 2015 to 66.80% and reiving slightly in 2016 at 77.46%. In 2016 Ghana had the highest value at 88.60%, then Ivory Coast at 62.15% and Rwanda lowest at 48.20%.

Graph 8: Trade as a percentage of GDP



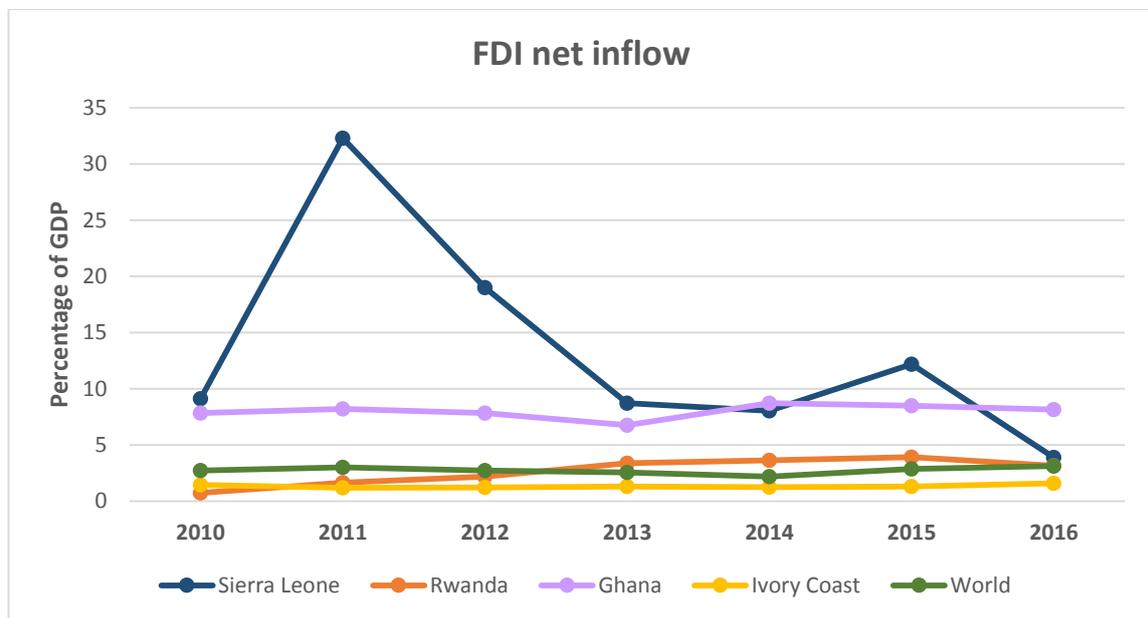
Source: World Bank Databank, World Development Indicators Online

The “Enabling Trade Index” measures the factors, policies and services that facilitate the free flow of goods over borders and to final destination. The World Economic Forum changed its

methodology in 2014 so recent figures may not be compared with earlier years easily. On a scale from 1 to 7 where the highest value indicates that a country is successful at enabling the free flow of trade, values were not available for Sierra Leone but Rwanda was at 4.59 in 2016, while Ghana was at 3.93 and Ivory Coast at 3.87.

According to World Bank’s 2015 Doing Business Reports, 7 documents were required in order to export from Sierra Leone and 8 documents were required to import into the country. This was standard over the years preceding 2015. Rwanda required 6 documents for exports and 7 for imports, while Ghana required 6 for exports and 7 for imports. Ivory Coast needed the most at 9 for exports and 13 for imports. The World Bank’s methodology has changed since then and they no longer update this indicator.

Graph 9: FDI net inflow as a percentage of GDP



Source: World Bank Databank, World Development Indicators Online

Sierra Leone’s net inflow of FDI as a percentage of GDP has fluctuated in the years between 2010 and 2015, peaking at 32.30% in 2011, dropping to 8.05% in 2014 and rising again to 12.20% in 2015. The other countries have remained more steady. In 2015 Rwanda was at 3.91%, Ghana was at 8.50% and Ivory Coast was at 1.31%. Despite the drop due to EVD there are signs that there is renewed investor interest in Sierra Leone.

The “Export Propensity Index” measures the export of goods and services as a percentage of GDP. In 2016, Sierra Leone registered an export propensity index of 23.54%, having gone down from 32.91% in 2012. In 2016 Ghana had the highest percentage at 40.74% while in the same year Ivory Coast was at 32.58% and Rwanda was at 15.05%.

Key trade and sustainable economic integration indicators, selected countries

Key Indicators							
Trade (per cent of GDP)		2011	2012	2013	2014	2015	2016
Trade is the sum of exports and imports of goods and services measured as a share of gross domestic product (GDP). Please note that the trade-to-GDP ratio refers to the sum of the imports and exports and could therefore exceed 100 per cent.	Sierra Leone	80.72	93.27	87.45	83.19	66.80	77.46
	Rwanda	44.39	44.68	46.01	47.64	49.35	48.20
	Ghana	86.30	93.17	81.65	88.45	99.25	88.60
	Ivory Coast	91.15	92.81	80.13	73.70	72.66	62.15
	World	60.62	60.66	60.22	59.92	58.04	
<u>Source:</u> World Bank Databank World Development Indicators Online ¹⁷							
Enabling Trade Index (ETI)		Report 2010	Report 2012	Report 2014	2014 (new methodology)	Report 2016	
The Enabling Trade Index measures the factors, policies and services facilitating the free flow of goods over borders and to destination. The index breaks the enablers into four overall issue areas: (1) market access, (2) border administration, (3) transport and communications infrastructure and (4) the business environment. Note: As a result of methodological changes introduced in the 2014 report, the results are not strictly comparable over time.	Sierra Leone						
	Rwanda		4.35	4.1	4.4	4.59	
	Ghana	3.63	3.59	3.6	3.69	3.93	
	Ivory Coast	2.9	3.02	3.3	3.55	3.87	
<u>Source:</u> Global Enabling Trade Reports World Economic Forum ¹⁸							
FDI net inflow/GDP, per cent		2011	2012	2013	2014	2015	2016
Foreign direct investment is the net inflows of investment to acquire a lasting management interest (10 per cent or more of voting stock) in an enterprise operating in an economy other than that of the investor. It is the sum of equity capital, reinvestment of earnings, other long-term capital, and short-term capital as shown in the balance of payments. This series shows net inflows in the reporting economy and is divided by GDP.	Sierra Leone	32.30	19.00	8.73	8.05	12.20	3.88
	Rwanda	1.64	2.18	3.38	3.64	3.91	3.14
	Ghana	8.21	7.86	6.75	8.71	8.50	8.14
	Ivory Coast	1.19	1.22	1.30	1.24	1.31	1.59
	World	3.02	2.74	2.56	2.19	2.86	3.12
<u>Source:</u> World Bank Databank, World Development Indicators Online ¹⁹							

¹⁷ <http://databank.worldbank.org/data/home.aspx>

¹⁸ 2008 Report <http://www3.weforum.org/docs>

¹⁹ <http://databank.worldbank.org/data/home.aspx>

Key Indicators							
Export Propensity Index= exports of goods and services/GDP, per cent		2011	2012	2013	2014	2015	2016
Exports of goods and services represent the value of all goods and other market services provided to the rest of the world. They include the value of merchandise, freight, insurance, transport, travel, royalties, license fees, and other services, such as communication, construction, financial, information, business, personal, and government services. They exclude labour and property income (formerly called factor services) as well as transfer payments.	Sierra Leone	16.27	32.91	28.63	30.76	19.36	23.54
	Rwanda	13.81	12.82	14.08	14.73	14.27	15.05
	Ghana	36.94	40.36	34.19	39.52	43.85	40.74
	Ivory Coast	53.82	48.48	41.53	39.27	38.08	32.58
	World	30.53	30.54	30.40	30.20	29.37	..
	It ranges from 0 (with no exports) to 100 (with all domestic production exported).						
<small>Source: World Bank Databank, World Development Indicators Online²⁰</small>							

3.3. Enabling legal and regulatory environment

Well-designed and clear regulations, including those that uphold labour and environmental standards, are good for the promotion of start-ups and enterprise development. They facilitate formalisation and boost systemic competitiveness. With about 80% of enterprises in the private sector, the government of Sierra Leone recognises the importance of creating an enabling environment to foster the growth of private businesses (IMF, 2011). With the support of the United Nations Industrial Development Organization (UNIDO), the government, with the support of the World Bank, conducted a Diagnostic Trade Integration Study in 2006 which was updated in 2013.

There were several additional achievements under this strategy, such as the removal of the “advance tax” which required for entrepreneurs to pay taxes before they could obtain the tax clearance certificate, essential to register their business (AfDB, 2011a; IMF, 2011). The mandatory contracting of a solicitor for some procedures was also eliminated, which led to a decrease of the cost of starting a business from USD 1,700 to USD 79 (IMF, 2011). One-stop shops for enterprise registration were implemented by the Office of the Administrator and Registrar General and bills were passed to simplify registration, bankruptcy and payment procedures.

Import and export regulations in Sierra Leone can be burdensome to enterprises, especially with regards to the paperwork and costs at the border (imports) and time-consuming bureaucracy on exports. For both import and export operations, no less than 8 documents are required on average for each transaction (WB, 2017a). The 2016 World Bank Doing Business report highlighted that although Sierra Leone performs slightly better than other Least Developed Countries (LDC) in delays for export processing, it is well below LDC average for imports (WTO/OECD, 2017).

²⁰ <http://databank.worldbank.org/data/home.aspx>

The Automated System for Customs Data (ASYCUDA) was adopted in 2010 to help streamline cross border trade. The ASYCUDA is an online platform linking enterprises (importers), agents and the Department of Customs in processing import and export operations and assigned taxes and fees (NRA, 2017). According to the National Revenue Authority (NRA), the ASYCUDA system has enabled companies to save time, most notably by reducing import procedures at the border, from 72 hours previously to about 2 hours for a simple transaction non-eligible for customs check-up (ibid). However, the ASYCUDA++ system is in the process of being upgraded to ASYCUDA World, to meet the most recent international standard.

Despite this initiative Sierra Leone stills ranks at the lower end of the Doing Business grading at 160 out of 190, and with a score of 12.07 out of 100 on the ease of trading across borders (WB, 2017a). This may be due to the fact that chronic power and internet cuts undermine the efficiency of the ASYCUDA system. The lack of resources allocated to the operating team may threaten the sustainability of this system (WB, 2013b).

In partnership with the World Bank, Sierra Leone undertook a diagnostic trade integration study (DTIS) in 2006. The DTIS report included recommendations in several key areas, including the mining, fishery, agriculture and tourism sectors, infrastructure, regional and global trade, etc. The 2013 DTIS review concluded that although there was still much progress to be done, numerous improvements had been achieved. The reorganisation of the National Revenue Authority and the Customs and Excise Department coupled with the implementation of the Goods and Services Tax contributed to the strengthening of resource mobilisation capacities whilst contributing to the improvement of the business climate (WB, 2013b).

In addition, the Ministry of Trade and Industry was broken down into 'professional directorates' and the Sierra Leone Investment and Export Promotion Agency was established in 2007, to offer assistance and support to investors in their business operations in the country (ibid). The Investment Promotion Act, puts the Sierra Leone Investment and Export Promotion in charge of offering business training, micro-finance services, technical support and to develop business incubators (The Investment Promotion Act, 2004).

The promotion of domestic participation through the adoption of a Local Content Policy (2012) and Sierra Leone Local Content Agency Act (2016) by government to create for value addition and upscale in the utilisation of sierra Leonean goods and services with direct beneficiation and linkages with FDIs to the domestic economy through SMEs . This came as a result of the mining boom in 2010 for Sierra Leoneans to take advantages of the opportunities that existed in the extractive sector.

Reforms have also been undertaken to facilitate access to the labour market for foreign workers by extending the validity of work permit and merging work and residence permits (AfDB, 2011a; IMF, 2011). The government has additionally ratified the Sierra Leone Small and Medium Enterprises Agency Act in 2015, thereby creating the Small and Medium Enterprises Development Agency (SMEDA) which, aims to support and implement the government's strategy for SME growth. SMEDA has been constituted and staff have been recruited. There is a need to further operationalise the agency to meet the vast demand for coordinated and high-quality business development and financial services among starting and existing entrepreneurs in Sierra Leone; despite support from the ILO, further strengthening to be able to carry out its mandate is required.

These solid reforms are nonetheless undermined by weak implementation capacities, most notably caused by a lack of institutional coordination and overlaps of government agencies' goals (Manuel & Katiyo, 2017). Additional challenges pertain to limited capacity building, delayed disbursement of government resources and unpredictable donor response in terms of programme support. As per the SMEDA Act (2016), the newly established SME Development Agency is expected to promote a conducive business environment, including an efficient and effective service delivery network, in order to empower and develop small and medium enterprises for growth, productivity and competitiveness. Sierra Leone's weak regulatory efficiency and close ties between political leaders and large businesses impact the quality of its business climate. These characteristics also contribute to raising barriers to market entry. Reforms have focused on streamlining enterprise registration procedures but little progress has been made in terms of enforcement and compliance both for actual legislation and implementation (ibid). The World Bank (2017a) estimates that the legislation and instruments in place to deal with bankruptcy remain rather weak.

In comparison with other Sub-Saharan African countries, Sierra Leone scores well on the easiness of starting a business. Starting a business in the country takes 10 days on average, requires six distinct procedures and costs the equivalent of 30.3% of the income per capita, regardless of the sex of the promoter (World Bank, 2017a). Significant progress has been made in this area in recent years, and the World Bank deemed Sierra Leone among the top ten upgraders in Africa (AfDB, 2015; Manuel & Katiyo, 2017). The country went from 176 out of 185 countries in the 2009 Doing Business ranking to 140 in 2014, but down to 160 in 2018. In addition, the cost of starting a business decreased by 15% in the 2005-2014 period and the delay required to create a limited liability firm dropped from 300 days to 12 (ibid).

Since 2016, it is the Corporate Affairs Commission (CAC) that regulates enterprise registration and procedures. It is now possible to register a business online for a flat rate of SLL 250,000, in an integrated process including the judiciary and fiscal administrations and social protection (Manuel & Katiyo, 2017). The CAC has been the main agent of the implementation of the renewed Companies Act (2014) which saw 1,300 new enterprises registered (ibid). The CAC has also overseen the electronic re-registration of 869 enterprises in its e-public registry (AfDB/OECD/UNDP, 2017).

Since 2009, the CAC has adopted a series of reforms, including one-stop shops (2014), which include services on registration ("incorporation") of companies at the national register, as well as at the tax and social security offices. Reforms aim to facilitate formalisation and make it more attractive while improving transparency. This is important as it is estimated that over 60% of the private sector is informal, while the formal sector is dominated by small and medium enterprises with very little graduation to large firms²¹.

Registration is either done in person (at the CAC office in Freetown) or online. Some 900 enterprises have re-registered through the online process (which is free of costs), whereas 1,300 new enterprises have been incorporated (AfDB/OECD/UNDP, 2017; Manuel & Katiyo, 2017). Registration documents at the three organisations are made available within 24 hours. As a way

²¹ Government of Sierra Leone, Agenda for Prosperity, Road to Middle Income Status, Poverty Reduction Strategy Paper (2013-2017),

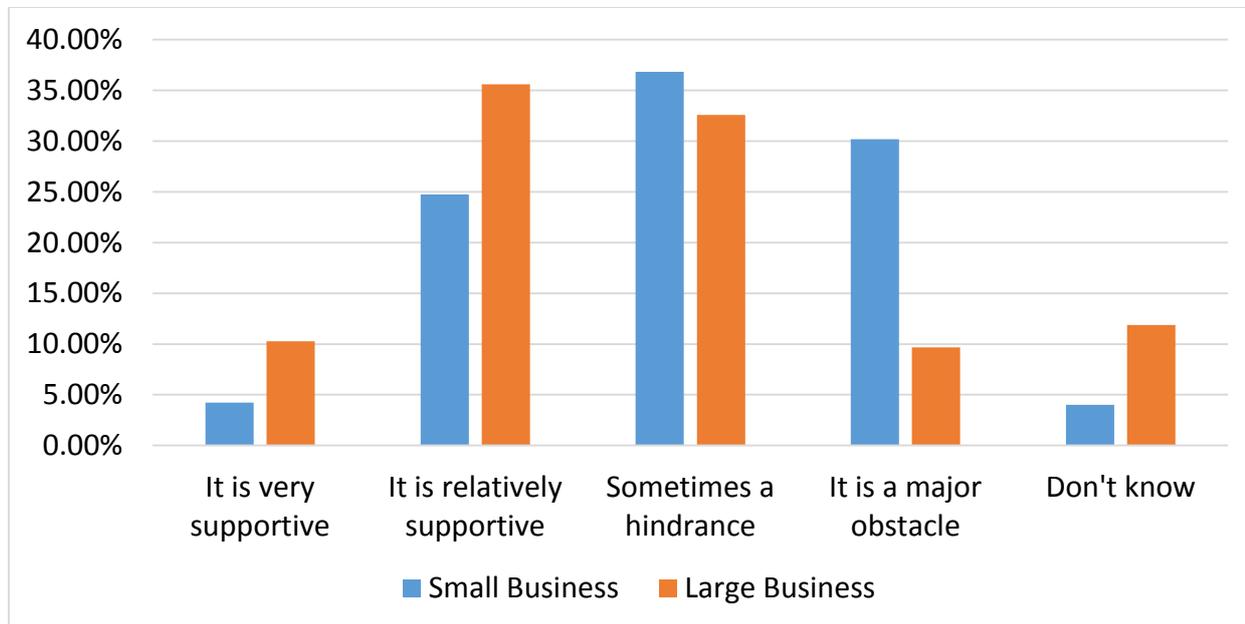
to reduce costs of creating a business, the CAC has introduced a flat fee of 250,000 SLL for incorporation of local enterprises. Furthermore, the notary recourse has been eliminated, along the lines of the OHADA process.

Sierra Leone performs well in corporate taxation. The country ranks 85 out of 190 countries in the 2018 Doing Business report of the World Bank. Although the efficiency of tax reforms took a step back with the adoption of a 'capital gains tax' in 2015, the government has endeavoured to simplify its tax system. In 2011 for instance, multiple taxes were combined into an integrated Goods and Services Tax. There is nonetheless room for progress in terms of auditing practices, which are rare, and in terms of simplifying taxes for SMEs.

Well-designed and clear regulations, including those that uphold labour and environmental standards, are good for the promotion of start-ups and enterprise development. They facilitate formalization and boost competitiveness. This does not only end with creating legislations, but extends to understanding the fundamental provisions of regulatory statues and ultimately its utilization for promoting business start-ups.

Figure 12 shows the responses of all participants of the employers' perception survey on the question of how the regulatory environment affects small and large businesses. 67% of respondents held a negative opinion of the regulatory environment as it affects small businesses, compared with around 42% who held a similarly negative opinion as it affects large businesses.

Figure 12: Regulatory environment as it affects small and large businesses (all respondents)



Source: Sierra Leone EESE Survey

Approximately 69% of small businesses expressed the opinion that the regulatory environment is either 'a major obstacle' or 'sometimes a hindrance' for them. In contrast, only 18% of large firms stated that the regulatory environment is 'sometimes a hindrance' and none of them indicated that it is 'a major obstacle'. At the same time, small businesses also held a slightly

more positive view. Of small business owner respondents, 29% stated that the regulatory environment is 'relatively supportive' or 'very supportive'; in contrast, 27% of large business employers believed that it was 'relatively supportive' and none believed it was 'very supportive'.

Table 10: How would you describe the regulatory environment as it affects running a LARGE or SMALL business in your sector?

	Female owned	Male owned
Don't know	14%	10%
It Is a Major Obstacle	11%	9%
Sometimes A Hindrance	36%	30%
It Is Relatively Supportive	31%	39%
It Is Very Supportive	9%	11%
Total	100%	100%

Source: Sierra Leone EESE Survey

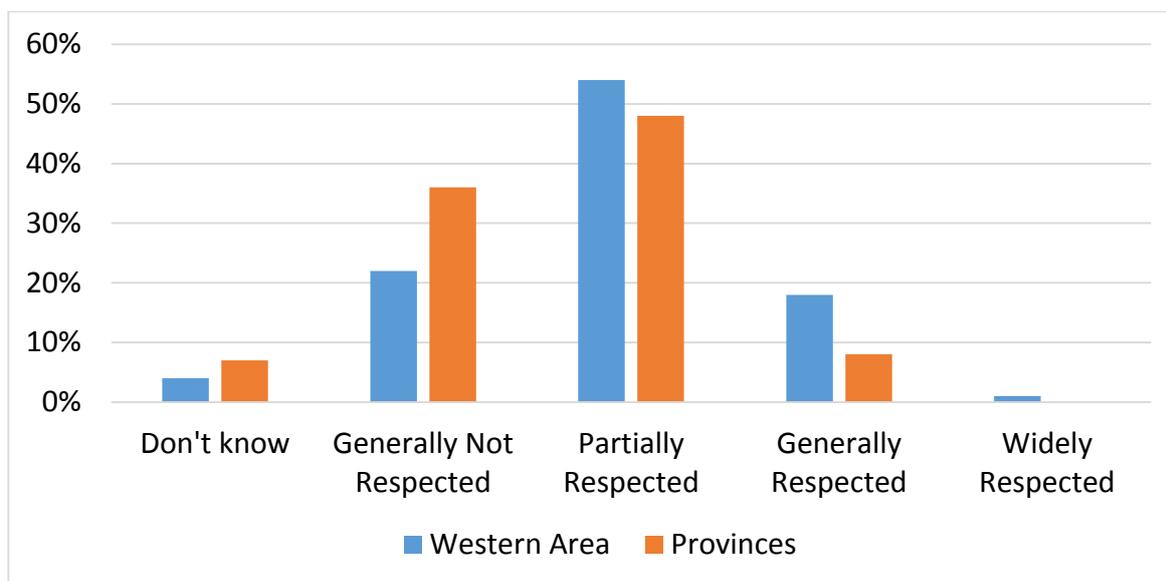
Some KII participants articulated why they felt that the regulatory environment was unsupportive, both for small and large enterprises. A view held by several respondents – from both small and large firms – was that some of the laws that govern commercial activities are duplicated, and that the supervisory functions of regulatory institutions tend to overlap. The result, from their perspective, was confusion as to how regulations are applied.

Table 11: Does the business community understand labour law?

	Small enterprise	Medium enterprise	Large enterprise
Don't know	5%	10%	18%
Generally Not Understood	20%	0%	0%
Partially Understood	52%	0%	27%
Generally Understood	20%	90%	55%
Widely Understood	3%	0%	0%
Total	100%	100%	100%

Source: Sierra Leone EESE Survey

Figure 13: Thinking about the situation in Sierra Leone, from the perspective of the business community, are labour laws generally respected?



Source: Sierra Leone EESE Survey

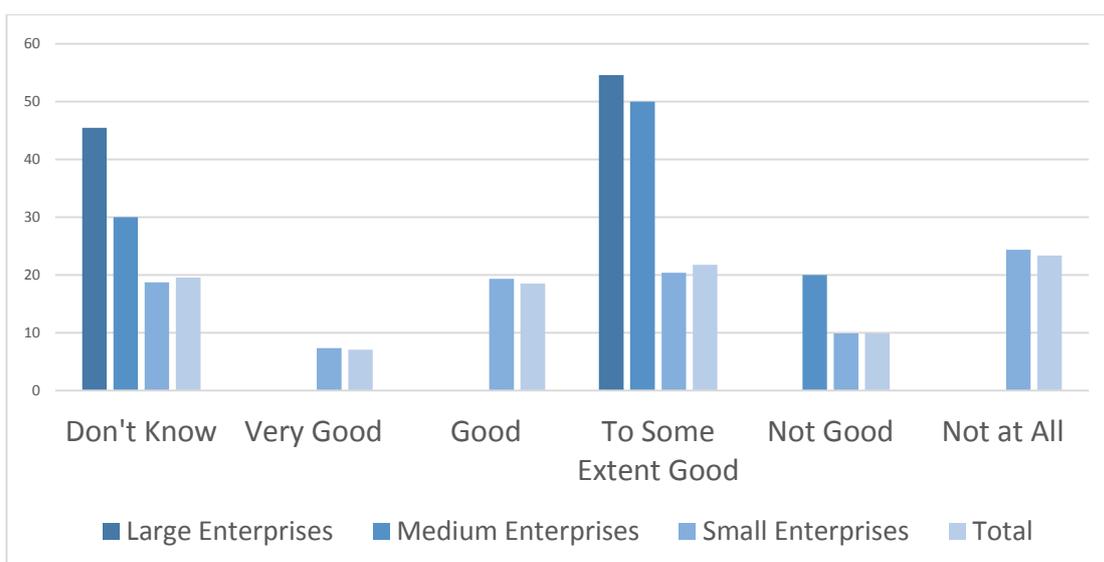
Table 12: Do workers understand labour laws?

	Female owned	Male owned
Don't know	6%	3%
Generally Not Understood	22%	19%
Partially Understood	46%	44%
Generally Understood	22%	29%
Widely Understood	4%	5%
Total	100%	100%

Source: Sierra Leone EESE Survey

In any context, business start-ups face significant hurdles. However, around 47% of respondents held the view that the support system for new commercial ventures in Sierra Leone ranged from 'to some extent good' to 'very good'. In contrast, 33% of respondents had a generally negative view of the support system for start-ups. The responses from small enterprises mirrors this sentiment. Large and medium-sized firms were even more positive: over 50% of large and medium-sized businesses expressed the view that the support system was relatively good.

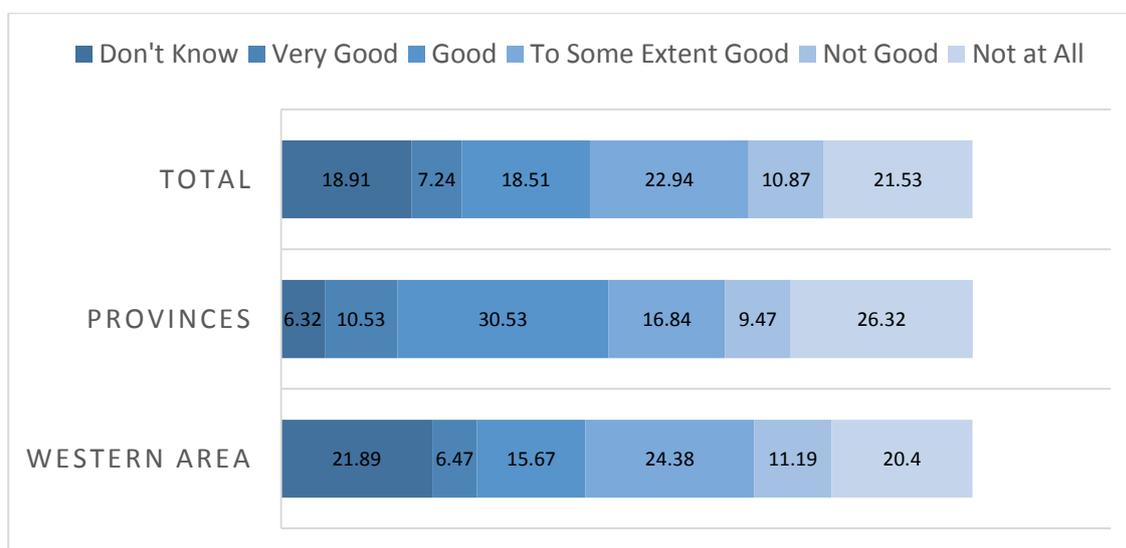
Figure 14: Business start-up support system



Source: Sierra Leone EESE Survey

While access to information, and use of different forms of media (such as mobile phones, the internet and radio), is more prevalent in the Western Area, respondents based in the rest of the country in general had a more positive opinion of their access to market information. In the provinces, 58% stated that start-ups had adequate support in accessing market information, while 36% disagreed. In the Western Area, this split was 47% to 32%.

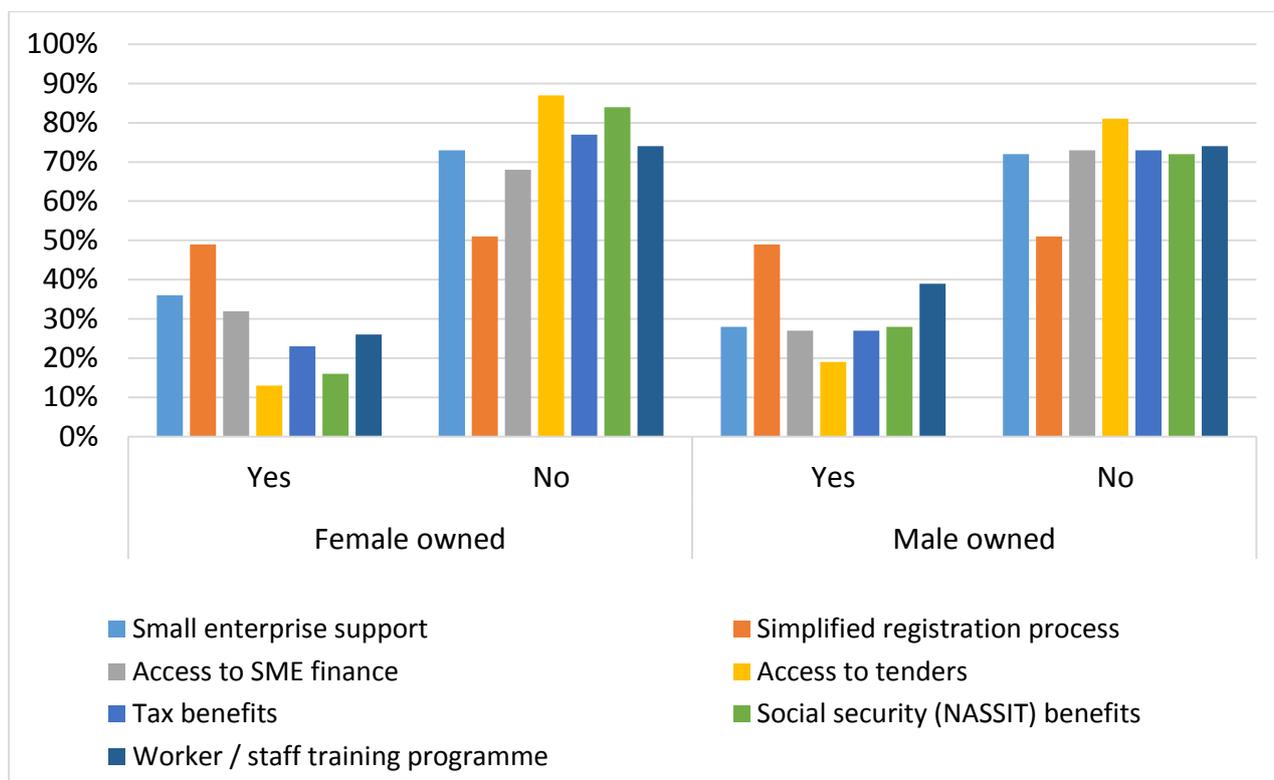
Figure 15: Market support system



Source: Sierra Leone EESE Survey

When asked about whether the central government provided services or incentives for small businesses the answers from male and female owned enterprises were similar as shown in the table below. Some notable exceptions are with respect to access to SME finance, where men had a more favourable view of the government's efforts, as well as access to tenders, and tax benefits.

Figure 16: Does the central government (National Level) provide any of the following services and/or incentives for Small Business enterprises?



Source: Sierra Leone EESE Survey

When asked about adequate support for individuals looking to establish a new business with regards to start-up support the largest percentage thought this did not exist at all at 24.5%. With regards to business coaching and mentorship again the largest proportion thought this did not exist at all at 22.5%. With regard to market information the largest proportion thought this was there to some extent at 22.5%.

Table 13: In your view, is there an adequate support system from government, NGOs, private sector institutions for individuals looking to establish a new business

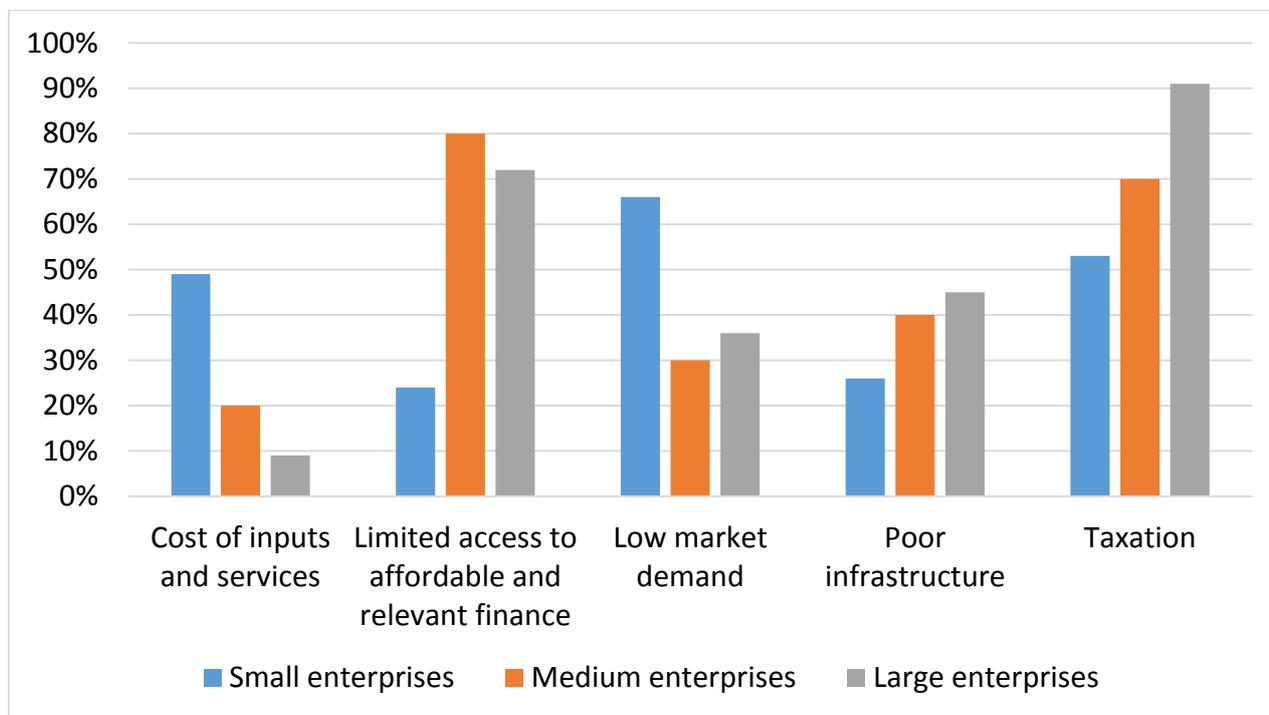
	Start-up support (e.g. business planning)		Business coaching & mentorship		Market information	
	Female owned	Male owned	Female owned	Male owned	Female owned	Male owned
Don't Know	19%	20%	23%	21%	22%	17%
Good	18%	19%	21%	19%	19%	18%
Not at All	28%	21%	26%	19%	25%	19%
Not Good	11%	9%	9%	10%	9%	12%
To Some Extent Good	19%	23%	15%	24%	20%	25%
Very Good	6%	8%	6%	6%	5%	8%
Total	100%	100%	100%	100%	100%	100%

Source: Sierra Leone EESE Survey

When asked about barrier to formalizing a business 31% of small enterprises from the Sierra Leone EESE Survey identified the expense of registering a business as the first cause. Paying taxes, the number of cumbersome procedures and not knowing how to register were also commonly identified hurdles. Medium enterprises, 100% of them, selected paying taxes and social contributions are the biggest barrier to formalizing, with secondary barriers being the expense, and the number of procedures. Among large enterprises again paying taxes, at 91%, was perceived as the biggest barrier to formalizing.

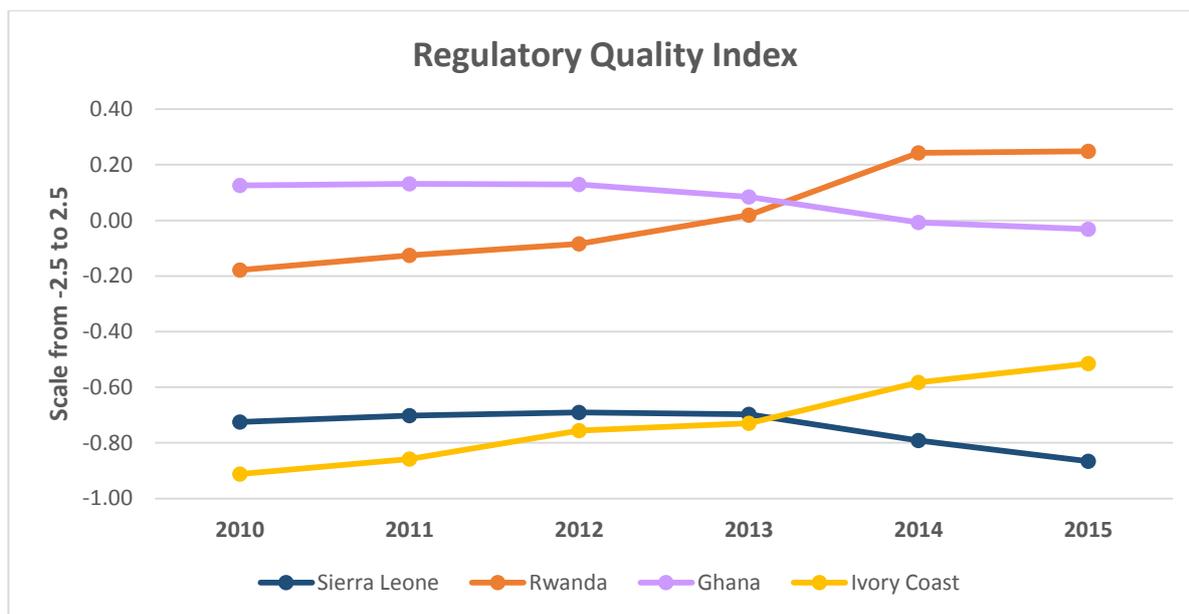
Of the enterprises surveyed, when asked what the main reason for registering their business was, 56% said they got municipal business licenses to avoid fines, and 44% said that was the main reason for registering with the National Revenue Authority. 69% of the enterprises surveyed were not registered with the National Social Security and Insurance Trust, showing a low level of enterprise formalization particularly as pertaining to social security benefits.

Graph 10: In your view, what are the top three important issues affecting businesses



When asked about the most important issues affecting business, 29% of small businesses identified low market demand as the biggest problem, with taxation and the cost of inputs and services following. Medium sized enterprises identified taxation as the biggest issue affecting business, with 60% selecting this as their biggest issue; limited access to affordable and relevant financial services was also identified, as was poor infrastructure, as a serious issue. 73% of large enterprises surveyed identified taxation as the most important issue affecting business, while limited access to affordable financial services, and poor infrastructure were also cited as concerns.

Graph 11: Regulatory quality index

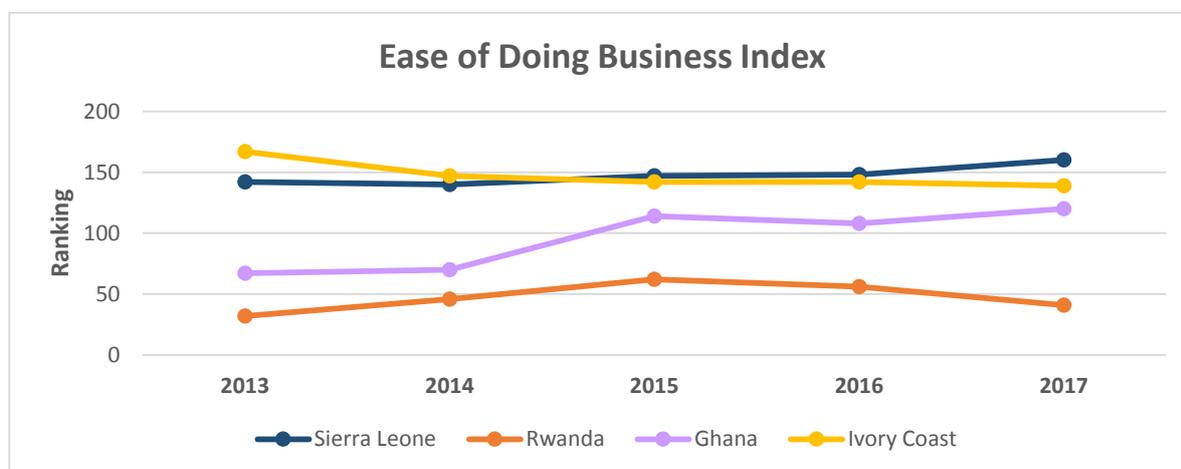


Source: World Bank, Worldwide Governance Indicators

The “Regulatory Quality Index” measures the ability of a government to provide sound policies and regulations for the promotion of the private sector. Sierra Leone’s regulatory quality index has slipped slightly, going from -0.73 in 2010 to -0.87 in 2015, on a scale from -2.5 to 2.5 with higher values indicating a better performance. Sierra Leone scores lower in this indicator than the three neighbouring countries selected for comparison. In 2015 Rwanda was at 0.25, Ghana at -0.03 and Ivory Coast was at -0.52.

The “Ease of Doing Business Index” ranks economies from 1 to 190, where the first place reflects a regulatory environment conducive to business operations. This index comprises averages for 10 different topics. Sierra Leone has slipped, going from 140 in 2012 to 160 in the 2018 Report. During the same period, Rwanda was at 41, Ghana was ranked 120 and Ivory Coast was at 139.

Graph 12: Ease of doing business index



Source: World Bank, Doing Business Project

The “Starting a Business Index” records the officially required procedures to start and operate an enterprise. Economies are ranked from 1 to 190, with first place indicating most favourable conditions for starting a business. Sierra Leone’s ranking was 83 in 2018, having improved from 99 in 2016. In comparison in 2018 Rwanda was ranked 78, Ghana was at 110, and Ivory Coast was at 44. The number of days required to start a business in Sierra Leone was 11 in 2018. In the same year Rwanda was at 4 days, Ghana at 14 and Ivory Coast at 7.

Key legal and regulatory environment indicators, selected countries

Key Indicators		2010	2011	2012	2013	2014	2015
Regulatory Quality Index The ability of the Government to provide sound policies and regulations that enable and promote private sector development. Estimate of governance measured on a scale from approximately -2.5 to 2.5. Higher values correspond to better governance. <small>Source: World Bank, Worldwide Governance Indicators²²</small>	Sierra Leone	-0.73	-0.70	-0.69	-0.70	-0.79	-0.87
	Rwanda	-0.18	-0.13	-0.08	0.02	0.24	0.25
	Ghana	0.13	0.13	0.13	0.08	-0.01	-0.03
	Ivory Coast	-0.91	-0.86	-0.76	-0.73	-0.58	-0.52
Starting a Business Starting a Business Index records all procedures that are officially required for an entrepreneur to start up and formally operate an industrial or commercial business. These include obtaining all necessary licenses and permits and completing any required notifications, verifications or inscriptions for the company and employees with relevant authorities. The index ranks economies from 1 to 190, with first place being the best. <small>Source: World Bank, Doing Business project²³.</small>			2016 Report	2017 Report	2018 Report		
	Sierra Leone	Ranking Days	99 10	87 10	83 11		
	Rwanda	Ranking Days	111 5.5	76 4	78 4		
	Ghana	Ranking Days	102 14	110 14	110 14		
	Ivory Coast	Ranking Days	46 7	50 7	44 7		

3.4. Rule of law and secure property rights

A formal and effective legal system, which guarantees that contracts are honoured and upheld, the rule of law is respected, and property rights are secure, is a key condition for attracting investment, as well as for nurturing trust and fairness in a society. The adherence to rule of law is crucial to creating an environment of confidence for businesses and investors.

Sierra Leone has three superior courts (the Supreme Court, the Court of Appeal and the High Court) and lower magistrate and local courts. The country has a legislation system composed

²² http://databank.worldbank.org/data/views/variableselection/selectvariables.aspx?source=worldwide-governance-indicators#c_s

²³ <http://www.doingbusiness.org/EconomyRankings/>

of English common law and customary law, where the former takes precedent over the latter (AfriMAP & OSIA, 2014). At present, the law is unevenly and poorly implemented, largely due to shortages of staff, especially in enforcement.

The justice system is problematic, with extremely costly and complex procedures, even in the local courts which originally aimed at reaching out to all citizens, including those from lower socio-economic backgrounds. Delays challenge the delivery of justice, particularly in rural areas. The weakness of the system is exacerbated by the fact that justice staff and magistrates are paid very low wages (IDPS, 2010). Infrastructure and skilled staff are also insufficient (Castillejo, 2009).

The government shows determination in improving its justice system, particularly in order to enable access for all citizens. There have been two Justice Sector Reform Strategy Investment Plans (JSRSIP) in 2008-2010 and 2011-2014. The JSRSIPs have contributed to tangible but limited progress, in terms of institutional coordination (AfriMAP & OSIA, 2014). Another component of the reform project was the launch of the Improved Access to Security and Justice initiative (AfriMAP & OSIA, 2014). Projects are also underway to increase wages and to build the capacities of Mobile Courts and Saturday Courts to improve service delivery (UNDP, 2014).

The budget for the judicial system is administered by the government, through the Ministry of Finance and through the President who directly nominates judges. 80% of the justice sector is financed by international donors who contribute mostly to salaries and operating costs. The UK's Department for International Development (DFID) is the most substantial donor (AfriMAP & OSIA, 2014, Castillejo, 2009). The government's influence on the judiciary has decreased since the end of the conflict, but reports of obstruction in high profile cases are common (AfriMAP & OSIA, 2014). The population still perceives the justice system as being corrupt. In this context, the general opinion is that attempting to confront the government in a court of law would be futile (ibid). There are several loopholes in the Constitution which allow for the executive to hamper the functioning of the judiciary. This applies of course to the budget, but also to a lack of legal provision in cases of conflicts of interests (ibid).

Sierra Leonean firms incur more costs related to a rather weak enforcement of the rule of law ("firms cost of crime") than other low-income countries. On average, SMEs spend 4.2% of the value of their sales in security expenditures and incur losses equivalent to 5.3% of their sales as a result of theft (IBRD/WB, 2017). In comparison, other Sub-Saharan African countries incurred 3% and 1.7% respectively on similar areas, and other lower income countries spent even less (ibid).

Trans-border crime is a serious problem in Sierra Leone. The country's permeable borders enable money laundering, drug trafficking and other illegal activities to flourish (Manuel & Katiyo, 2017). The regional drug trade problem is such that in 2010, the Drug Interdiction Task Force was substituted for a Transnational Organised Crime Unit (AfDB, 2011a). According to the United Nations Office on Drugs and Crime (UNODC), Sierra Leone is one of the main West African points of entry for the traffic of cocaine (UNODC, 2017).

In recent years, there have been several reports of disputes over land rights. Large agribusiness companies and multinationals were accused of connivance with state actors to grab land and even steal land. A foreign-owned business was instructed to return almost 1,500 acres of land illegally acquired in the district of Kono as a local chief had sold the land without consent

(Amnesty International, 2017). Similar issues were reported in another district²⁴ where a multinational had begun exploiting land, allegedly illegally, for palm oil cultivation (ibid).

In terms of protection of minority investors, Sierra Leone fares much better than other sub-Saharan African countries and ranks 81 out of 190 in the Doing Business 2018 rankings (WB, 2017). The legislation does especially well in the protection of the rights of shareholders, ‘corporate transparency’ and disclosure obligations, as well as in engaging the responsibility of the director in the event of disputes or dishonest practices (ibid). Contract enforcement mechanisms are good, although there is room for progress. According to the World Bank (2017a), the country has an “effective commercial dispute resolution” system in place, further strengthened in 2012, with the establishment of the ‘fast track commercial court’.

In March 2017, Sierra Leone hosted a Commercial Law Summit focused on the promotion of “responsible private sector development” enabled by favourable commercial legislation (Kanu, 2017). The summit focused on the necessity to improve commercial arbitration mechanisms, deemed too weak at present, especially with regards to global trade (ibid).

Sierra Leone is a member of the World Intellectual Property Organisation (WIPO) and a signatory country of the WTO-WIPO’s Agreement on Trade-Related Aspects of Intellectual Property Rights, expected to be fully enforced by 2021. The country is also a member of the African Regional Intellectual Property Organisation and a signatory to two out of four of the African protocols on intellectual property rights.

WIPO’s support has enabled the adoption of several laws relating to copyrights, patents and trademarks. The legislation on copyright was reviewed and updated in 2011, to include international standards and set clear timeframes. The law also created a Collecting Society, in charge of monitoring national copyrights and rights of authors (WTO, 2017). The Patents and Industrial Design Act of 2012 removed the advantage reserved to British patents. The Sierra Leone Intellectual Property Organisation (SLIPO) is responsible for managing patents, trademarks and industrial designs for a period of 29 years from registration (ibid). SLIPO and the government reserve the right to alter licences, providing payment to authors, in cases of insufficient exploitation or public interest. According to the legislation, non-compliance may incur a fine and/or lead to imprisonment (ibid). The law relating to trademarks was amended in 2014.

Intellectual property rights implementation in Sierra Leone remains a challenge due to low capacity for enforcement and to a knowledge gap among the population on this matter (WTO, 2017). As a result, there is a climate of insecurity and mistrust amongst entrepreneurs who are reluctant to communicate or exchange information about their businesses for fear of intellectual property theft (SOBA, 2017).

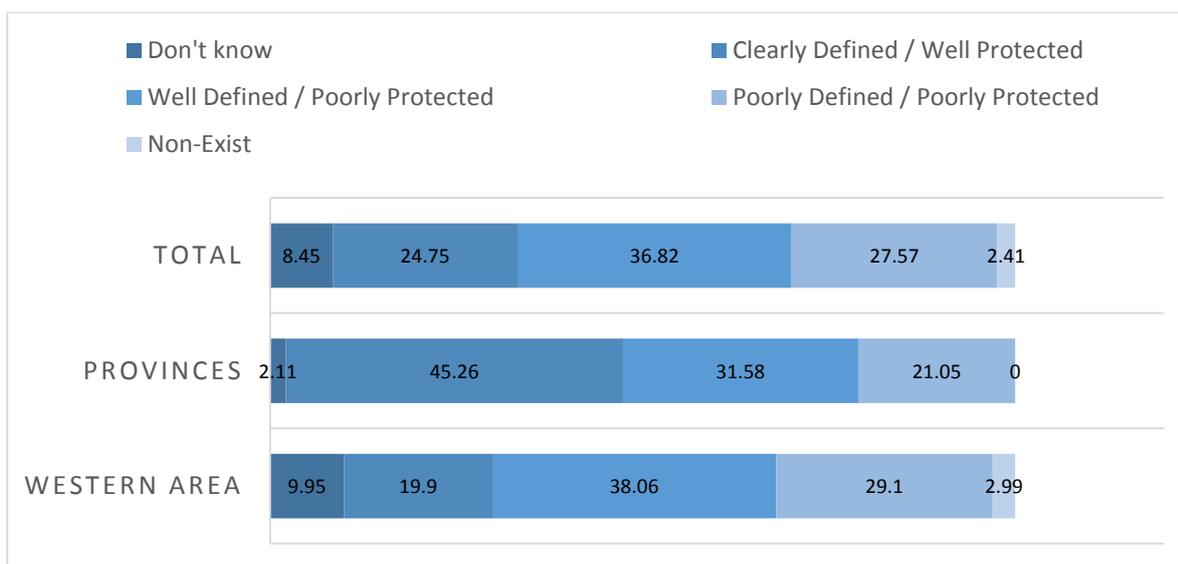
A formal and effective legal system which guarantees that contracts are honoured and upheld, the rule of law is respected, and property rights are secure, is a key condition for attracting investment, as well as for nurturing trust and fairness in society. The Sierra Leone EESE Survey collected data on opinions regarding the rule of law and property rights using five key indicators

²⁴ Samalon chiefdom, Pujohun district, Southern Province.

which included; the land tenure system, commercial law, capacity of the police to protect businesses, physical property rights and intellectual property rights.

The figure below shows that around 25% of respondents believed that physical property rights are well protected, while a majority, around 64%, stated that they are poorly protected. Respondents outside of the Western Area were more likely to hold a positive view on the issue of protection of property rights in Sierra Leone, with 45% of respondents believing that they are clearly defined and well-protected. In contrast, 20% of respondents in the Western Area gave the same response.

Figure 18: To what extent are physical property rights protected?



Source: Sierra Leone EESE Survey

A majority of KII participants expressed the opinion that property rights across Sierra Leone are both inadequately defined and poorly protected. In the Western Area, several business owners stated that they were fearful about acquiring property because real estate owners tended to sell the same property to multiple buyers. This problem is compounded by the perception that Sierra Leone’s judicial system is both slow and corrupt, to the extent that the participants had little faith that the courts would satisfactorily handle such issues if they arose. In the provinces, business owners commented that land is not owned by individuals but by families or communities. This dissuades several businesses from buying property outside of the Western Area, due to the complications involved when a plot of land has several owners.

A majority of respondents were sceptical about the police’s ability to protect their businesses from criminal behaviour. In total, approximately 56% stated that they assessed the police’s capacity in this regard to be either ‘low’ or ‘very low’. This feeling was particularly high in the mining and agriculture sectors, where 62% and 66% of respondents respectively shared this view. One reason for why enterprises in these sectors have a more negative view may be the greater likelihood for those with mining and agriculture concessions to have poor relations with local communities, resulting in theft and attacks on commercial premises. KII participants engaged in these sectors did not explain in detail why they assessed the police’s capacity in this regard to be low.

Table 14: To what extent does the land tenure system affect your business?

	Western Area	Provinces
Don't Know	4%	4%
Very Negatively	24%	13%
Negatively	39%	47%
Neutral	27%	19%
Positively	6%	13%
Very Positively	1%	4%
Total	100%	100%

Source: Sierra Leone EESE Survey

When asked about to what extent land tenure affected their business the largest proportion of respondents from the Sierra Leone EESE Survey: 39% in Western Area and 47% in the provinces said negatively. 27% of respondents from the Western Area and 19% from the provinces were neutral while the next largest proportion: 24% from the Western Area and 13% from the Provinces thought the effect of the land tenure system was very negative.

Table 15: How well is commercial law implemented for settling commercial disputes such as breach of contract?

	Small enterprise	Medium enterprise	Large enterprise
Always Effective and Follows a Clear, Neutral Process	15%	0%	0%
Don't Know	13%	70%	73%
Ineffective and Subject to Manipulation	19%	0%	0%
Sometimes Ineffective and Subject to Manipulation	24%	30%	27%
Usually Effective and Rarely Subject to Manipulation	28%	0%	0%
Total	100%	100%	100%

Source: Sierra Leone EESE Survey

When asked about how well commercial law was implemented for settling commercial disputes such as breaches of contract the largest proportion of respondents from small enterprises, 28% thought that they were usually effective and rarely subject to manipulation with a further 24% thinking they were sometimes ineffective and indeed subject to manipulation. Of the respondents from medium enterprises 70% said they did not know while 30% thought the implementation of commercial law was sometimes ineffective. Among large enterprises as well, like medium sized ones, the proportions were 73% not knowing and 23% thinking there was some manipulation.

The Sierra Leone EESE Survey asked to what extent intellectual property rights were defined and protected. 35% of respondents from small enterprises, the largest proportion, thought they were well defined but not well protected, 70% of respondents from medium enterprises did not know, and 91% of respondents from large enterprises did not know.

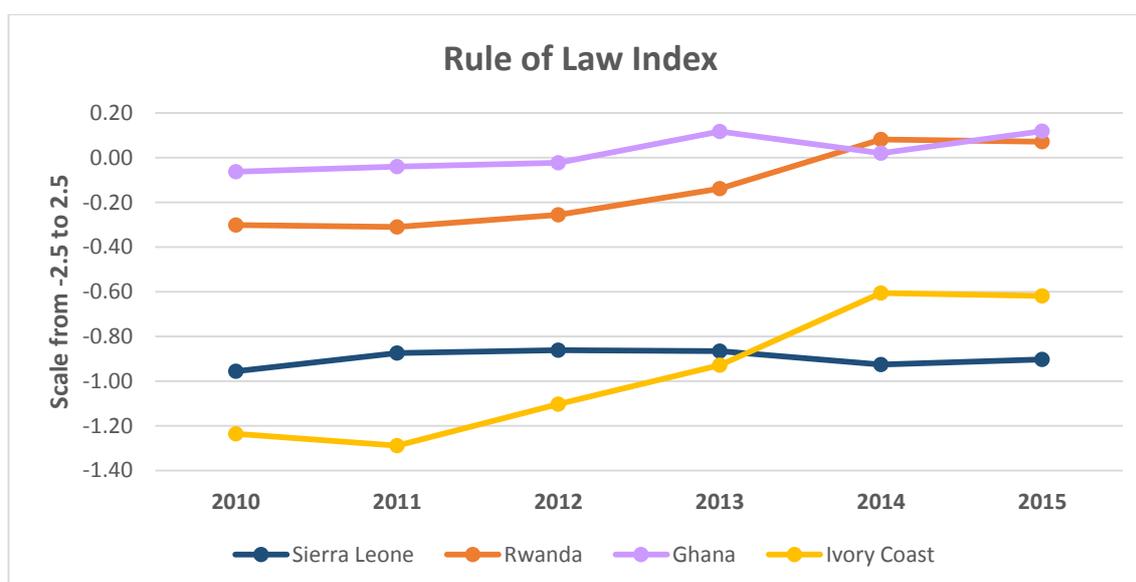
Table 16: To what extent are intellectual property rights defined and protected?

	Small enterprise	Medium enterprise	Large enterprise
Clearly Defined and Well Protected by Law	10%	0%	0%
Don't know	20%	70%	91%
Non-Existent	12%	20%	0%
Poorly Defined and Not Well Protected by Law	23%	10%	0%
Well Defined but Not Well Protected by Law	35%	0%	9%
Total	100%	100%	100%

Source: Sierra Leone EESE Survey

Sierra Leone’s performance in the “Rule of Law Index” lags behind all its neighbours, with Ivory Coast having overtaken it in 2014. It has improved marginally over time going from -0.96 in 2010 to -0.90 in 2015 on a scale from -2.5 to 2.5 where higher values correspond to better governance. In comparison Rwanda and Ghana have the best performance. In 2015 Rwanda was at 0.07, while Ghana was at 0.12. In the same year Ivory Coast was at -0.62.

Graph 13: Rule of law index



Source: World Bank Databank, Worldwide Governance Indicators

The “Property Rights” indicator estimates how well property rights are defined and protected by law on a scale of 1 to 7, where higher values indicate that property laws are clearly defined and well protected by law. In this regard Sierra Leone scored 3.5 in 2016, having gone down slightly from 3.7 in 2013. Rwanda did best in 2016 at 5.7, while Ghana was at 4.3 and Ivory Coast at 4.2.

The “Intellectual Property Protection” indicator assesses whether the protection of intellectual property in a country is weak and not enforced, or strong and enforced, on a scale from 1 to 7 with higher values corresponding to better performance. In 2016, Sierra Leone scored 3.3. Again Rwanda did best in the same year, with 5.3, while Ghana was at 3.9 and Ivory Coast at 3.7.

Key rule of law and property rights indicators, selected countries

Key Indicators	2010	2011	2012	2013	2014	2015	
<p>Rule of Law Index</p> <p>The extent to which agents have confidence in and abide by the rules of society, including the quality of contract enforcement and property rights, the police and the courts, as well as the likelihood of crime and violence.</p> <p>Estimate of governance measured on a scale from approximately -2.5 to 2.5. Higher values correspond to better governance.</p> <p><u>Source:</u> World Bank Databank, Worldwide Governance Indicators²⁵</p>							
	Sierra Leone	-0.96	-0.88	-0.86	-0.87	-0.93	-0.90
	Rwanda	-0.30	-0.31	-0.26	-0.14	0.08	0.07
	Ghana	-0.06	-0.04	-0.02	0.12	0.02	0.12
	Ivory Coast	-1.24	-1.29	-1.10	-0.93	-0.61	-0.62
<p>Property Rights</p> <p>The World Economic Forum (WEF) Survey asked the business leaders to provide their expert opinions on the following: “Property rights in your country, including over financial assets, are 1=poorly defined and not protected by law, 7=clearly defined and well protected by law”.</p> <p><u>Source:</u> World Economic Forum, The Global Competitiveness Report²⁶.</p>							
		GC Report 2013/14	GC Report 2014/15	GC Report 2015/16	GC Report 2016/17		
	Sierra Leone	3.7	3.4	3.3	3.5		
	Rwanda	5.2	5.3	5.6	5.7		
	Ghana	4.2	4.3	4.2	4.3		
	Ivory Coast	3.4	3.5	4.2	4.2		
<p>Intellectual Property Protection</p> <p>The World Economic Forum (WEF) Survey asked the business leaders to provide their expert opinions on the following: “Intellectual property protection and anti-counterfeiting measures in your country are 1=weak and not enforced, 7=strong and enforced”.</p> <p><u>Source:</u> World Economic Forum, The Global Competitiveness Report²⁷.</p>							
		GC Report 2013/14	GC Report 2014/15	GC Report 2015/16	GC Report 2016/17		
	Sierra Leone	3.4	3.2	3.1	3.3		
	Rwanda	4.7	4.6	5.1	5.3		
	Ghana	3.9	4.1	3.9	3.9		
	Ivory Coast	2.7	3.1	3.9	3.7		

²⁵ <http://databank.worldbank.org/data/views/variableselection/selectvariables.aspx?source=worldwide-governance-indicators>

²⁶ <http://www.weforum.org/issues/global-competitiveness>

²⁷ <http://www.weforum.org/issues/global-competitiveness>

3.5. Fair competition

In order for the private sector and sustainable enterprises to develop and grow, it is important to have regulation to ensure competition, including rules for ensuring continued respect for labour and social standards. In addition, anti-competitive practices at the national level must be eliminated.

At present, the private sector in Sierra Leone is underdeveloped and suffers from a deeply entrenched antagonism between businesses of local and foreign origin. This is further exacerbated by the notion that locals are out powered by a certain Lebanese business oligarchy long-settled in the country. This oligarchy is most active in the hospitality, fishery and food import sectors (AfDB, 2011a; Manuel & Katiyo, 2017). Reports of corrupt practices between powerful Lebanese business people and government representatives have extended this antipathy to the population. It is alleged that such practices have and continue to impact policies, to raise entry-barriers into markets and sustain “cartel-like behaviour” in Sierra Leone’s private sector (Manuel & Katiyo, 2017).

In 2006, the Census of Business Establishment (CBE) found just over 10,800 firms in Sierra Leone, only 3,400 of which were thought to be formal, even if only partially. The CBE thus evaluated that 66% of enterprises were informal (ibid). More recently, the African Economic Outlook estimated that in 2016, the informal economy amounted to 60% of the country’s economy (AfDB/OECD/UNDP, 2017).

A 2016 study using data extracted from an enterprise survey carried out in Sierra Leone in 2009 found low Regional Informal Competition Intensity (IRIC) indicators in Sierra Leone. The data was based on entrepreneurs’ perceptions surveys. Sierra Leone, Liberia and South Africa displayed the lowest IRIC in sub-Saharan Africa (Ali & Najman, 2016). Yet, 63% of formal SMEs in Sierra Leone estimated that they faced unfair competition from informal enterprises (IBRD/WB, 2017). This rate was somewhat lower than the Sub-Saharan African average (68%) and other low-income countries average (67%) but remained substantial (ibid).

In 2012, the government implemented the Competition and Consumer Protection Policy (CCPP) but ensuing laws are yet to be enacted (WTO, 2017). The CCPP was designed in consultation with private sector representatives, academics and civil society organisations. In the document, the GoSL acknowledged that the regulatory system for competition practices is currently weak (GoSL, 2012b). There is indeed a lack of regulations to protect businesses against “restrictive and abusive market practices”; to protect consumers against misconduct- commercial, health & safety, etc.; and to coordinate productive collaboration between the aforementioned, the government and other stakeholders (ibid). In this context, the CCPP’s objective is to foster markets and business development, especially to facilitate the entry of SMEs, so as to ensure a healthy amount of competition and increase the quality of products and services (ibid).

To this day, although this policy and guidance are available, there is still no national legislation regulating competition (Manuel & Katiyo, 2017). Once converted into legislation, the CCPP will lead to the establishment of a Competition Commission, in charge of coordinating the national competition strategy and monitoring the enforcement of related laws (GoSL, 2012b). The

price of certain products and services such as rice, fuel or flour, is regulated by the National Income and Pricing Commission (WTO, 2017).

Policies and legislation on more equal competition for access to public procurements and inclusion of small enterprises in local markets have been designed. The Sierra Leone Local Content Policy (SLLCP) was drafted in 2012. The SLLCP aims at improving the investment environment whilst protecting the interests of local SMEs. Most importantly, the policy focuses on capacity-building for the private sector, through linkages aimed at promoting local products and services in national markets (GoSL, 2012a). Public procurement mechanisms must give preference to local suppliers in the introductory and final bidding stages. The policy also advocates for the need to communicate information about public tenders more effectively so as to foster competition, and that through cooperation with the Sierra Leone Chamber of Commerce, Industry and Agriculture (ibid). In 2016, the SLLCP was enacted into a law, the Local Content Act, which provided for the creation of the Sierra Leone Local Content Agency, established in March 2016.

However, a survey carried out by Adam Smith International (ASI) found that the SLLCP had not yet managed to alter the perception of local SMEs having previously taken part in public tenders. Half of the respondents deemed public bidding process to be “unfair”, while 85% did not believe that domestic enterprises benefited from preferential treatment since the margin of preference was rarely applied (ASI, 2013). ASI also highlighted that even in the private sector, Sierra Leone’s main sectors, namely mining and agribusiness, had extremely low rates of domestic procurements, at 5.8% and 11.1% respectively (ibid). Furthermore, a DFID Perception Survey Study on the Local Content Agency Act revealed that private sector participation was limited, the general public thought that it focused on the mining sector and therefore a review should be conducted for amendments to the Act in order to capture the existing realities and for it to be harmonised with other legislations.

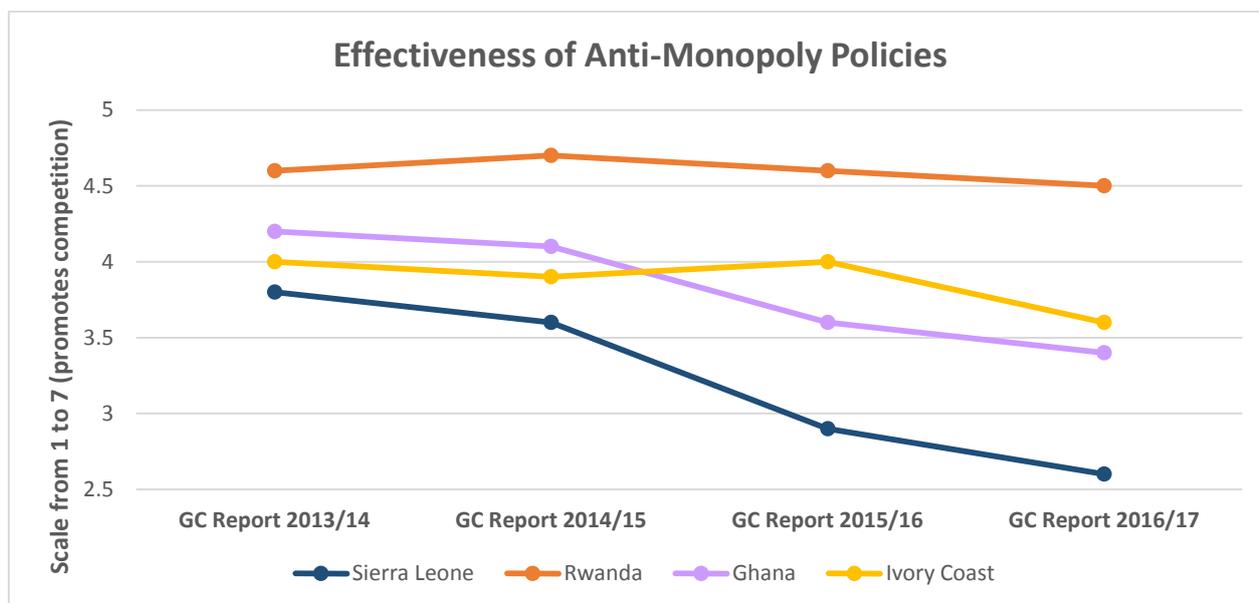
In a similar vein, the revamped Public Procurement Act (PPA) of 2016 established the Independent Procurement Review Panel, which once implemented, will contribute to improving the transparency and fair competition of public tenders (WTO, 2017). The 2016 PPA also renders open bidding mandatory at the national level. Bids of over SLL 600 million for products and services and SLL 900 million for works automatically become international tenders. However, the act does not effectively provide quota figures for domestic enterprises but offers the possibility for bidders to use a “margin of preference” to be calculated by the bidder, and authorised by the National Public Procurement Authority (the Public Procurement Act, 2016).

“New Business Density” indicates the number of newly registered, limited liability companies per 1000 working age people (15 to 64 years old) in a given year. There is no data available for Sierra Leone after 2012 on this indicator, but in 2012 the figure was 0.32 new companies per 1000 working age people. In the same year Rwanda was highest at 1.07, with Ghana next at 0.90. Data is not available for Ivory Coast but the world average in 2012 was 3.70 newly registered limited liability companies per 1000 working-age people.

The “Intensity of Local Competition” indicator measures the level of competition in local markets from 1 to 7, 1 being limited and 7 referring to intense competition in most industries. Sierra Leone’s “intensity of local competition indicator” was estimated at 4.1 in 2016. In the same year Rwanda was at 5, Ghana at 5.1 and Ivory Coast was at 4.8.

The “Effectiveness of Anti-Monopoly Policy” indicator reflects the level of efficiency of anti-monopoly policy in promoting competition, on a scale from 1 to 7, with higher values corresponding to better performance. Sierra Leone’s score has deteriorated from 3.8 in 2013 to 2.6 in 2016. In 2016 Rwanda was at 4.5, Ghana at 3.4 and Ivory Coast at 3.6.

Graph 14: Effectiveness of anti-monopoly policies



Source: World Economic Forum Executive Opinion Survey, The Global Competitiveness Report

The “Extent of Market Dominance Indicator” indicates whether corporate activity is dominated by only a few business groups or is spread among many firms, in a range of values from 1 to 7 with higher values corresponding to more firms. In 2016, Sierra Leone scored 2.9, having slipped from 3.3 in 2013. In 2016 Rwanda was at 4.2, Ghana at 3.9 and Ivory Coast at 5.

Key fair competition indicators, selected countries

Key Indicators	2007	2008	2009	2010	2011	2012
New Business Density						
The number of newly registered limited liability companies per 1,000 working-age people (those ages 15-64) in that year.						
Source: World Bank Databank, World Development Indicators Online ²⁸						
Sierra Leone	0.21	0.28	0.34	0.23	0.39	0.32
Rwanda	0.16	0.21	0.54	0.56	0.78	1.07
Ghana	0.75	1.10	1.13	0.99	1.09	0.90
Ivory Coast	..	..	..	..	..	..
World	40.58	31.30	23.87	3.58	3.64	3.70

²⁸ <http://databank.worldbank.org/data/home.aspx>

<p>Intensity of local competition index</p> <p>Intensity of local competition index is based on survey data drawn from the following question: “Competition in the local markets is (1=limited in most industries and price-cutting is rare, 7=intense in most industries as market leadership)”.</p> <p><i>Source:</i> World Economic Forum Executive Opinion Survey, The Global Competitiveness Report²⁹.</p>	GC Report 2013/14	GC Report 2014/15	GC Report 2015/16	GC Report 2016/17	
	Sierra Leone	4.1	4.5	4.3	4.1
	Rwanda	4.7	4.9	5	5
	Ghana	5	4.4	4.8	5.1
	Ivory Coast	5	4.6	4.6	4.8
<p>Effectiveness of anti-monopoly policies</p> <p>Effectiveness of anti-monopoly policy index is based on annual survey data. The respondents were asked to rate the effectiveness of anti-monopoly policy in their country: “Antimonopoly policy in your country is (1=lax and not effective at promoting competition, 7=effective and promotes competition)”.</p> <p><i>Source:</i> World Economic Forum Executive Opinion Survey, The Global Competitiveness Report³⁰.</p>	GC Report 2013/14	GC Report 2014/15	GC Report 2015/16	GC Report 2016/17	
	Sierra Leone	3.8	3.6	2.9	2.6
	Rwanda	4.6	4.7	4.6	4.5
	Ghana	4.2	4.1	3.6	3.4
	Ivory Coast	4	3.9	4	3.6
<p>Extent of market dominance index</p> <p>Extent of market dominance index is based on annual survey data. The respondents were asked to rate the corporate activity in their country: “Corporate activity in your country is (1=dominated by a few business groups, 7=spread among many firms)”.</p> <p><i>Source:</i> World Economic Forum Executive Opinion Survey, The Global Competitiveness Report³¹.</p>	GC Report 2013/14	GC Report 2014/15	GC Report 2015/16	GC Report 2016/17	
	Sierra Leone	3.3	3.3	2.9	2.9
	Rwanda	3.9	4	4.1	4.2
	Ghana	4	4.1	3.8	3.9
	Ivory Coast	3.2	3.4	3.6	3.5

3.6. Information and communication technologies

In the era of the knowledge economy, the use of information and communication technologies (ICTs) is fundamental to achieving development goals, particularly the growth of sustainable enterprises. Individuals benefit from the availability and use of ICTs in many ways, as they are able to substitute phone calls for travel, able to access information on important things like prices, and so on. To fully harness the potential of ICTs an adequate technical infrastructure is required, as well as human skills to use the existing networks and services.

ICT is probably the most promising infrastructure sector in Sierra Leone (USDS, 2017). Although the country ranked modestly in the 2014 Network Readiness Index (134/144), it improved by 9 ranks compared to the previous year (WEF & INSEAD, 2014). Since the late 2010s, the GoSL has engaged in a large-scale campaign of privatisation of the ICT sector.

Mobile network connectivity has expanded greatly in recent years, from a modest 14.3% of the population connected in 2007, to over 40% (over 2 million) in late 2012, and 76.7% in 2014 (GoSL, 2015a; AfDB, 2011a). This growth may be explained by the recent liberalisation of the sector. The 2015 Telecommunications Amendment Act put an end to the government’s monopoly over the telecommunications international gateway (OECD/WTO, 2017).

²⁹ <http://www.weforum.org/issues/global-competitiveness>

³⁰ <http://www.weforum.org/issues/global-competitiveness>

³¹ <http://www.weforum.org/issues/global-competitiveness>

The national mobile supplier Sierra Tel competes with four additional operators (AfDB, 2011a). Not only has the growth of this sector contributed to an increase in the number of mobile users in the country but it has also allowed for more citizens from lower socio-economic ranges to access telecommunications. The nature of call charges on the market, which strongly discourages inter-network communications may indicate that people own several sim cards. Thus, the rate of connection equivalent to 76.7% of the population found by the AfDB in 2011, may not be as high in real terms. 2016 ITU figures showed a rate of 89.5 mobile phone subscriptions per 100 inhabitants. The use of mobile phones in regional trade is limited by overly costly charges (AfDB, 2011a).

In comparison, internet usage remains much less developed. In 2011, it was estimated that under 3% of the population had access to the internet, a share which had barely improved in 2015, going up to 3% (AfDB, 2011a; OECD/WTO, 2017). To address this, the government recently gave licenses to six Internet operators in 2013. Sierra Leone also joined several African countries in the Africa Coast to Europe (ACE) consortium. The ACE is a large-scale project launched by the ICT multinational Orange and gathering a consortium of 20 countries. The first phase enabled the connection of France and Portugal's networks to West African countries through a 12,000km optical fibre submarine cable. Thirteen African countries have been connected so far. The second phase will extend the connection to 17,000km long stretching as far as South Africa (Orange, 2012; WTO, 2017a). Sierra Leone was among the first countries to be connected in 2012.

ICTs remain extremely costly, most particularly broadband connections. On the whole, Sierra Leone fares poorly in the International Telecommunication Union global ranking of ICT costs. The country ranks 155 out of 170 countries. The study shows that on average, mobile phone connections cost just under 22% of the Gross National Income per capita, while an internet connection reaches a staggering 78.45% (ITU, 2015).

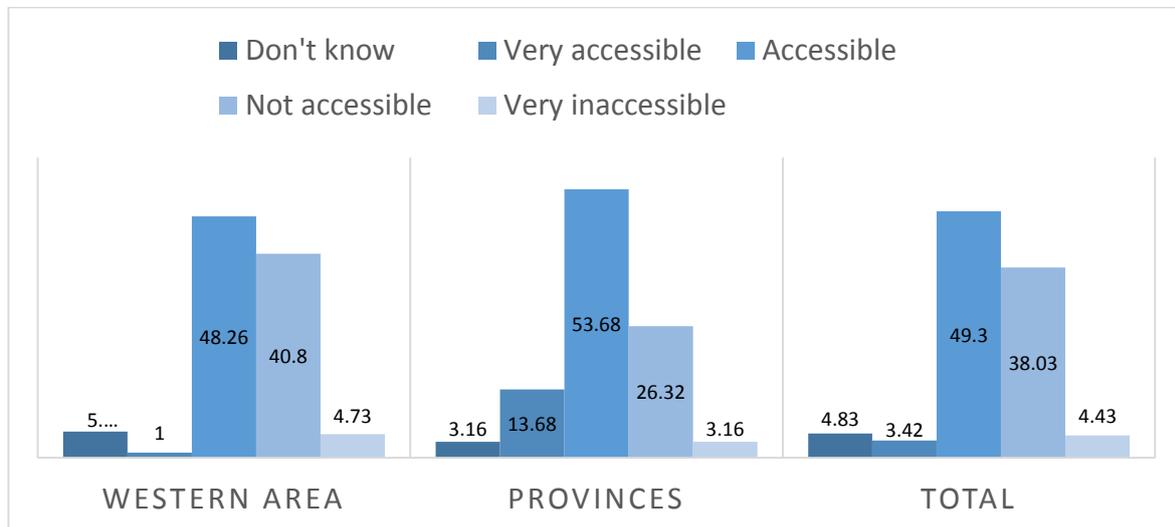
While Sierra Leone EASE Survey respondents in the provinces had more negative views on the quality of Sierra Leone's infrastructure, they were more positive on the accessibility and affordability of information and communication technologies for small enterprises. Approximately 68% of those surveyed in the provinces expressed the opinion that such technologies are 'accessible' or 'very accessible', compared to 49% in the Western Area.

This divergence is particularly noteworthy when considering the views expressed during the KIIs. Employers in the Western Area and the provinces concurred that the concentration of internet cafes, television, radio and print media was far greater in the Western Area than in the rest of the country. Employers in the Western Area stated that the availability of television stations, newspapers and radio stations gave them more opportunities to market their products through advertising. In contrast, several employers in the provinces commented that internet access was often patchy, and that they relied on community radio stations that are more likely to produce programmes that focus on social issues than offer advertising opportunities.

One reason that respondents in the provinces were more likely to be positive about access to information and communication technologies could be the improvements that have occurred over time. While the Western Area is clearly better served by such technologies, recent

improvements in the provinces may have been more significant, therefore resulting in more positive opinions from respondents.

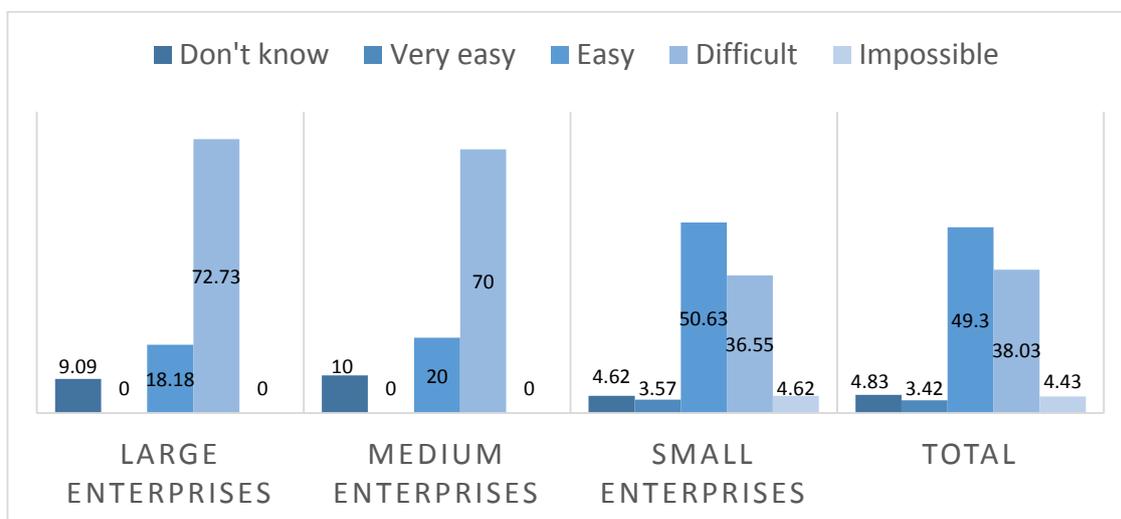
Figure 19: To what extent do you think that information and communication technologies are accessible for small enterprises?



Source: Sierra Leone EESE Survey

Another interesting point of divergence regarding the question of accessibility of information and communication technologies for small enterprises is between small businesses themselves and larger firms. Over 70% of large and medium-sized businesses stated that access was 'difficult', compared to 41% of small firms who responded that access was either 'difficult' or 'impossible'. Approximately 54% of small enterprises stated that access was either 'easy' or 'very easy', suggesting that larger firms have a more negative view of the challenges faced by their smaller rivals.

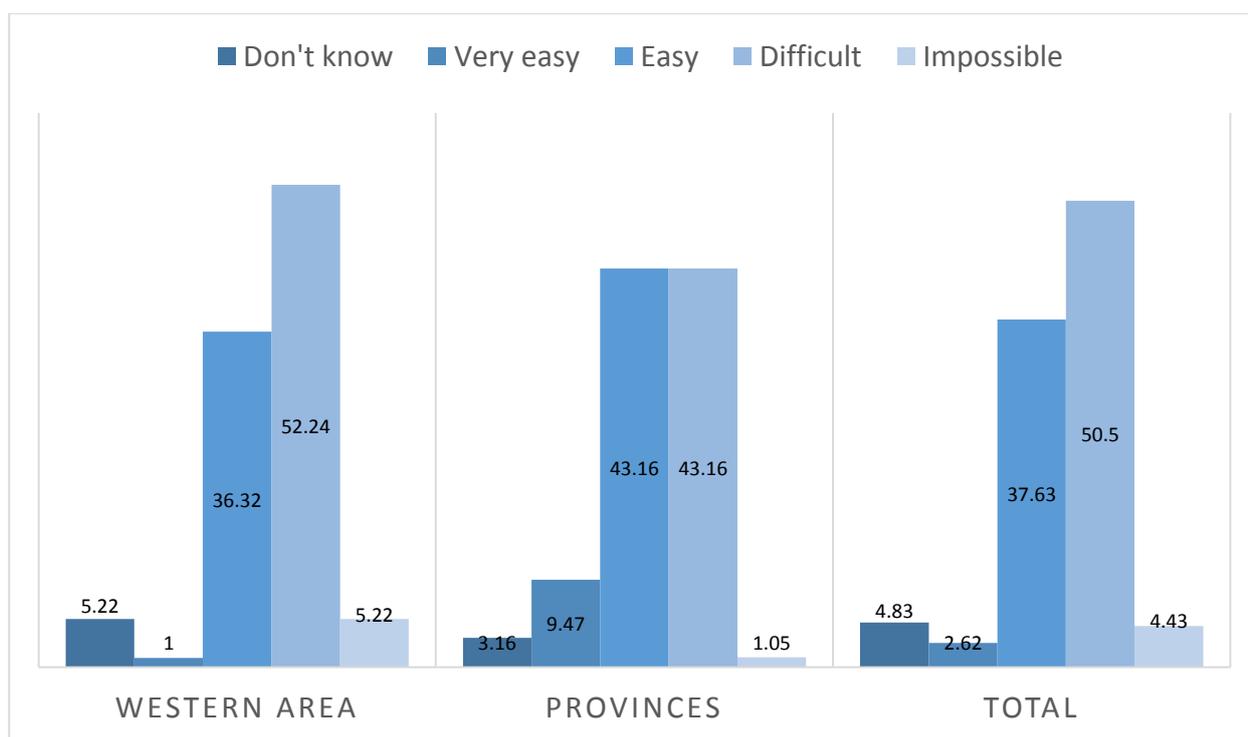
Figure 20: To what extent do you think that information and communication technologies are accessible for small enterprises?



Source: Sierra Leone EESE Survey

Similar to the question on accessibility, employers in the provinces were more positive about the affordability of information and communication technologies. Approximately 53% of respondents in the provinces expressed the opinion that the affordability of these technologies was either 'easy' or 'very easy', compared to 37% in the Western Area. Again, this difference could be explained by recent improvements in the provinces appearing to be more significant in the provinces than in the Western Area.

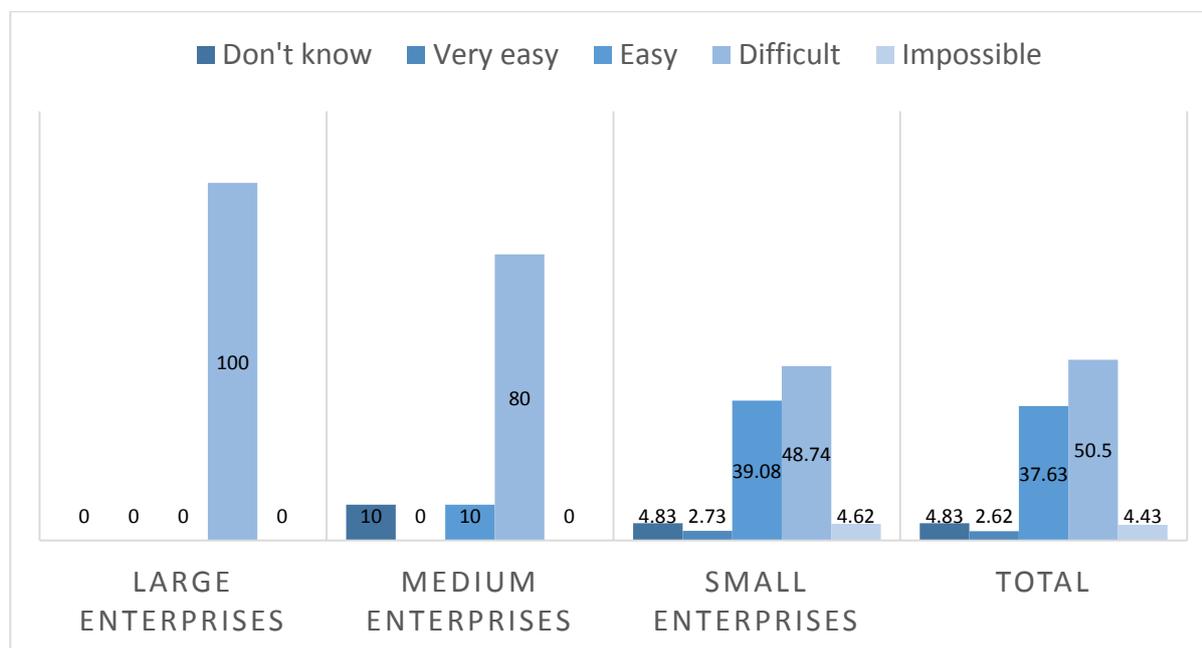
Figure 21: To what extent do you think that small enterprises can afford information and communication technologies for their business activities?



Source: Sierra Leone EESE Survey

On the question of affordability, larger firms generally had a more negative view on the extent to which small enterprises can afford information and communication technologies. While approximately 53% of small firms stated that it was 'difficult' or 'impossible' for them to afford such technologies, over 80% of medium and large enterprises responded that small firms find it 'difficult' to afford them. Among the KII participants, a number of large and medium-sized employers noted that information and communication technologies are expensive in general, and therefore surmised that small firms faced greater price constraints. Some of these participants commented further that even they sometimes struggle with the monthly internet subscription costs. Some KII participants from small enterprises expressed the view that the internet often does not even add that much value to their business, because the majority of their customers do not have regular internet access.

Figure 22: To what extent do you think that small enterprises can afford information and communication technologies for their business activities?



Source: Sierra Leone EESE Survey

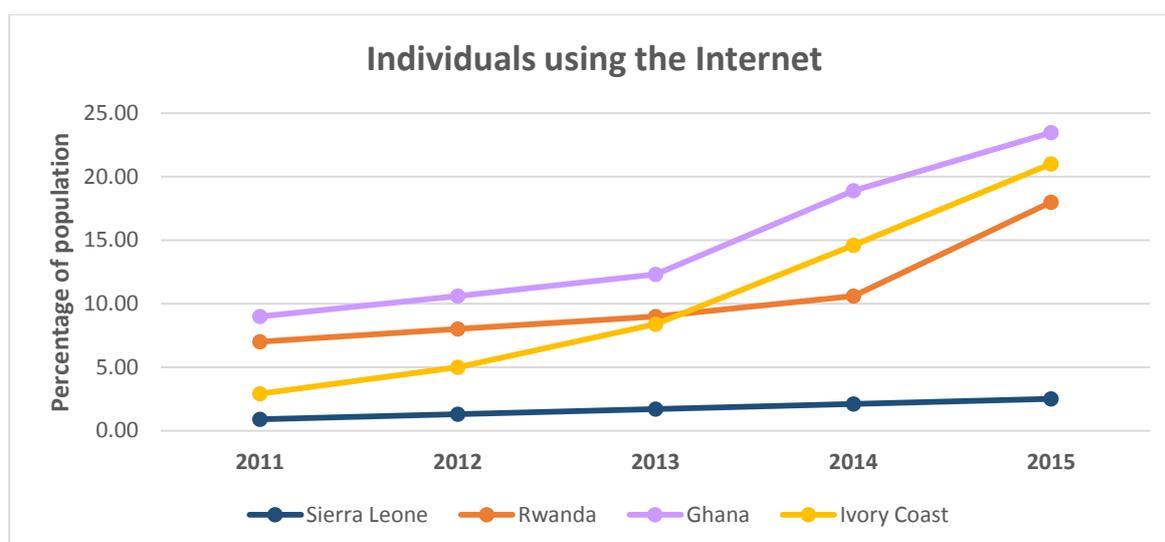
When asked about how developed laws were relating to the use of information technology, e.g. electronic commerce, data protection, digital signature, 52% of Sierra Leone EESE Survey respondents from small enterprises said underdeveloped, as did 70% from medium enterprises and 100% from large enterprises.

The “ICT Development Index” (IDI) is a composite index combining 11 indicators into a single measure that can be used as a benchmarking tool globally, regionally and at the country level. It absorbs several indicators, such as households with a computer, number of Internet users, literacy levels, etc. Data is not available on Sierra Leone, but on a scale from 1 to 10 with higher values indicating better performance, in 2016 Rwanda was at 2.13, Ghana was at 3.99 and Ivory Coast was at 2.86.

The “Networked Readiness Index” measures the extent to which a country leverages ICTs for enhanced competitiveness. On a scale from 1 to 7 with higher values corresponding to better performance, Sierra Leone was at 2.85 in 2014. In the same year Rwanda was at 3.78, Ghana was at 3.65, and Ivory Coast was at 3.14.

The number of “Internet Users” per 100 people in Sierra Leone grew from 0.90 in 2011 to 2.50 in 2015. This is lower than all three other countries used for comparison. In the same year Ghana had the highest percentage at 23.48%, Ivory Coast was at 21% and Rwanda was at 18% internet users as a percentage of the population.

Graph 15: Percentage of internet users in the population



Source: World Bank Databank, World Development Indicators

The number of telephone lines in Sierra Leone has stayed the same between 2011 and 2015, at 0.27 percent of the population. In 2015 Ivory Coast had the highest percentage at 1.30%, Ghana was at 1.02% and Rwanda was lowest at 0.14% in the same year, having gone down from 0.35% in 2011. The reduction in fixed line connections may be a result of the growing ease in acquiring mobile phone connections.

The number of “Mobile Telephone Subscriptions” in Sierra Leone went from 36.43% of the population in 2011 to 89.53% in 2015. In 2015 Ghana had the highest percentage of mobile phone users at 129.74%, with Ivory Coast at 119.31% and Rwanda at 70.48%. Affordable broadband technology is also very important and should be facilitated. The number of “Fixed Broadband Internet Subscribers” per 100 people in Sierra Leone was not available, though for the three comparison countries we can see that this figure has steadily grown over the years.

Key ICT indicators, selected countries

Key Indicators	2012	2013	2015	2016
ICT Development Index (IDI)				
IDI compares developments in information and communication technologies (ICT) in 154 countries over a five-year period from 2002 to 2007. The Index combines 11 indicators into a single measure that can be used as a benchmarking tool globally, regionally and at the country level. These are related to ICT access, use and skills, such as households with a computer the number of Internet users; and literacy levels. Scale from 1 to 10, with lower scores reflecting lower development levels.				
Sierra Leone				
Rwanda	1.66	1.86	2.04	2.13
Ghana	2.6	3.46	3.9	3.99
Ivory Coast	1.7	1.8	2.51	2.86

Source: Measuring the Information Society Reports, International Telecommunication Union³².

³² <http://www.itu.int/pub/D-IND>, http://www.itu.int/en/ITU-D/Statistics/Documents/publications/mis2014/MIS2014_without_Annex_4.pdf

Key Indicators							
<p>Networked Readiness Index</p> <p>The NRI measures the degree to which developed and developing countries across the world leverage information and communication technologies (ICT) for enhanced competitiveness. The Index comprises three sub-indexes that measure the environment for ICT, together with the main stakeholders' readiness and usage, with a total of nine pillars and 71 variables.</p> <p>Scale of 1 to 7, with higher scores reflecting a better readiness to utilize the opportunities created by ICT.</p> <p>Source: World Economic Forum, The Global Information Technology Report³³.</p>		GITR 2012	GITR 2013	GITR 2014	GITR 2015	GITR 2016	
	Sierra Leone		2.53	2.85			
	Rwanda	3.7	3.68	3.78	3.9	3.9	
	Ghana	3.44	3.51	3.65	3.5	3.5	
	Ivory Coast	2.98	3	3.14	3.2	3.4	
<p>Internet users (per 100 people) The Internet is a linked global network of computers in which users at one computer get information from other computers in the network. Internet users are people with access to the worldwide network. The total number of Internet users is divided by the population and multiplied by 100.</p> <p>Source: World Bank Databank, World Development Indicators.³⁴</p>		2011	2012	2013	2014	2015	2015
	Sierra Leone	0.90	1.30	1.70	2.10	2.50	38.20
	Rwanda	7.00	8.02	9.00	10.60	18.00	41.59
	Ghana	9.00	10.60	12.30	18.90	23.48	42.22
	Ivory Coast	2.90	5.00	8.40	14.60	21.00	42.76
<p>Fixed-telephone subscriptions (per 100 inhabitants)</p> <p>Fixed lines are telephone mainlines connecting a customer's equipment to the public switched telephone network.</p> <p>Source: World Bank Databank, World Development Indicators.³⁵</p>		2011	2012	2013	2014	2015	
	Sierra Leone	0.27	0.30	0.26	0.27	0.27	
	Rwanda	0.35	0.39	0.38	0.41	0.14	
	Ghana	1.15	1.12	1.04	0.98	1.02	
	Ivory Coast	1.43	1.39	1.34	1.17	1.30	
<p>Mobile-cellular telephone subscriptions (per 100 inhabitants)</p> <p>Mobile phone subscribers refer to users of portable telephones subscribing to an automatic public mobile telephone service using cellular technology that provides access to the public switched telephone network.</p> <p>Source: World Bank Databank, World Development Indicators.³⁶</p>		2011	2012	2013	2014	2015	
	Sierra Leone	36.43	36.96	65.66	76.66	89.53	
	Rwanda	39.90	49.67	56.80	64.02	70.48	
	Ghana	85.27	100.99	108.19	114.82	129.74	
	Ivory Coast	89.45	91.23	95.45	106.25	119.31	

³³ <http://www.weforum.org/issues/global-information-technology>

³⁴ <http://databank.worldbank.org/data/views/reports/tableview.aspx>

³⁵ <http://databank.worldbank.org/data/views/reports/tableview.aspx>

³⁶ Ibid.

Key Indicators		2011	2012	2013	2014	2015
Fixed (wired)-broadband subscriptions (per 100 inhabitants) Broadband subscribers are the total number of broadband subscribers with a digital subscriber line, cable modem, or other high-speed technologies. <i>Source:</i> World Bank Databank, World Development Indicators. ³⁷	Sierra Leone	..	..	..	..	..
	Rwanda	0.08	0.05	0.02	0.02	0.17
	Ghana	0.26	0.27	0.27	0.27	0.27
	Ivory Coast	..	0.23	0.28	0.61	0.52

3.7. Access to financial services

The creation and expansion of sustainable enterprises requires access to financial resources. The lack of access to finance is the main obstacle to entrepreneurship and SME development in Sierra Leone (AfDB, 2011a; SOBA, 2017). Recent figures show that only 15% of the population has access to finance (AfDB, 2015). In 2017, 40% of enterprises cited the lack of access to finance as the biggest challenge to the growth of their activity, approximately double as much as in other sub-Saharan African countries (IBRD/WB). A survey of over a hundred businesses carried out by the Sierra Leone Opportunities for Business Action program (SOBA) in 2017 showed that 94% of entrepreneurs lack the necessary funds to access BDS and that 51% of them therefore call upon relatives or friends for support. With marginal bank financing rates, 91% of SMEs invest using their own capital (IBRD/WB, 2017).

As per the World Bank's Global Findex Database³⁸, in 2014 14.1% of adults, or those over the age of 15 had an account at a financial institution, which is lower than the Sub-Saharan Africa average of 28.8%. The country's bank branch penetration remains among the lowest of the continent (AfDB, 2011a). Similarly, private sector loans only represented 5% of the GDP, well below the Sub-Saharan African average of 17% (AfDB, 2011a) while credits to the agricultural sector stood at a negligible 2%, considering that this sector employs and contributes most to the national GDP (ibid). This is not surprising since commercial banks do not cater for small businesses, nor do they for informal enterprises or long-term credit needs (ibid). Banks are mostly risk averse and shocks have rendered the Sierra Leonean private sector risky, with a prevalence of business losses. Thus, credit to MSMEs tends to be granted by MFIs rather than commercial banks (BSL, 2016). Agricultural MSMEs are most excluded by banks and represent only 6% of credit records (ibid).

Although commercial banking customers have doubled in the past decade to reach 13.7% of the adult population in 2014 (AfDB, 2015), Sierra Leone still ranks rather poorly (159 out of 190) on the World Bank's 2018 Doing Business report in terms of ease of access to credit. Credit rating information remains limited, in spite of the 2012 law on the creation of a public credit registry, implemented in 2013 and effectively releasing data from 2015 onwards. By 2016, less than 2% of the adult population and less than 16,000 enterprises were incorporated in the registry (WB,

³⁷ Ibid.

³⁸ <https://openknowledge.worldbank.org/bitstream/handle/10986/29654/LDB-FinInclusion2018.pdf?sequence=1&isAllowed=y>

2017a). The World Bank also attributes the difficulty to access finance to insufficient regulations on collateral and bankruptcy (ibid). When accessible, loans are costly. Interest rates for commercial credit have decreased in recent years but remain high: 22% in 2010, and 18% in 2015 (AfDB, 2015).

At present, 14 commercial banks, 17 community banks under the Bank of Sierra Leone, 13 MFIs, 3 mobile banking operators and 59 financial services associations (FCA) operate in Sierra Leone (BSL, 2016). These institutions gather 486,556 customers, representing just under 13% of the “economically active population”(ibid). There are 22,283 banking spots located across the country, for a ratio to the “economically active population” of 1:1686 (ibid). The overarching national policy for access to finance, the BSL’s Financial Sector Development Plan launched in 2009 is outdated and two of the state-owned banks have had to be recapitalised recently due to liquidity issues (AfDB, 2015). The African Economic Outlook estimated that the share of the population not having access to finance would decrease thanks to the development of ICTs and new forms of banking (AfDB/OECD/UNDP, 2017).

Several strides have been made by the Central Bank of Sierra Leone in the area of financial inclusion, digital finance, the establishment of a Credit Reference Bureau, a risk base model (to identify risks in the financial sector) and the establishment of the Collateral Registry. Last year, the central Bank of Sierra Leone (BSL) introduced the National Strategy for Financial Inclusion (NSFI) (2017-2020). One of the key objectives focuses on developing digital finance (BSL, 2016). The strategy also addresses guaranteeing access to finance for MSMEs, especially in the agricultural sectors and other sectors expected to contribute to growth; strengthening project evaluation mechanisms; on the general population, especially women, youth, rural communities (ibid).

The NSFI also highlights the need for financial literacy, financial education and consumer education, especially for, but not limited to, rural populations, to enable better use of financial services available, and promotes consumer protection. During the EVD crisis for instance, 30,000 Ebola Response Workers (EBW) were paid using digital banking (BSL, 2016). The Ebola Payments Programme showed that EBW withdraw their wages in full and made payments in cash. In 2015, the BSL responded with a financial education initiative targeted at EBW, in partnership with the World Bank. It was then measured that a minimum of 20% of workers begun keeping funds on their bank accounts (ibid).

Another important agent promoting financial inclusion is the National Commission for Social Action (NaCSA), established in 1996. The NaCSA regularly supports women entrepreneurs with micro-grants, micro-credit and support in getting access to finance. In 2015-16, 2,360 women benefited from support services and the Commission provided funds equivalent to USD 1,400,000 as a revolving fund to improve access to capital for Micro-Enterprise Groups run by and for women (GoSL, 2017). The development of ICT and financial inclusion are going hand-in-hand in Sierra Leone. The GoSL is a member of the Better Than Cash Alliance of the United Nations Capital Development Fund, a collaborative forum of governments, businesses and international organisations focused on fostering financial inclusion through the development of digital financial services.

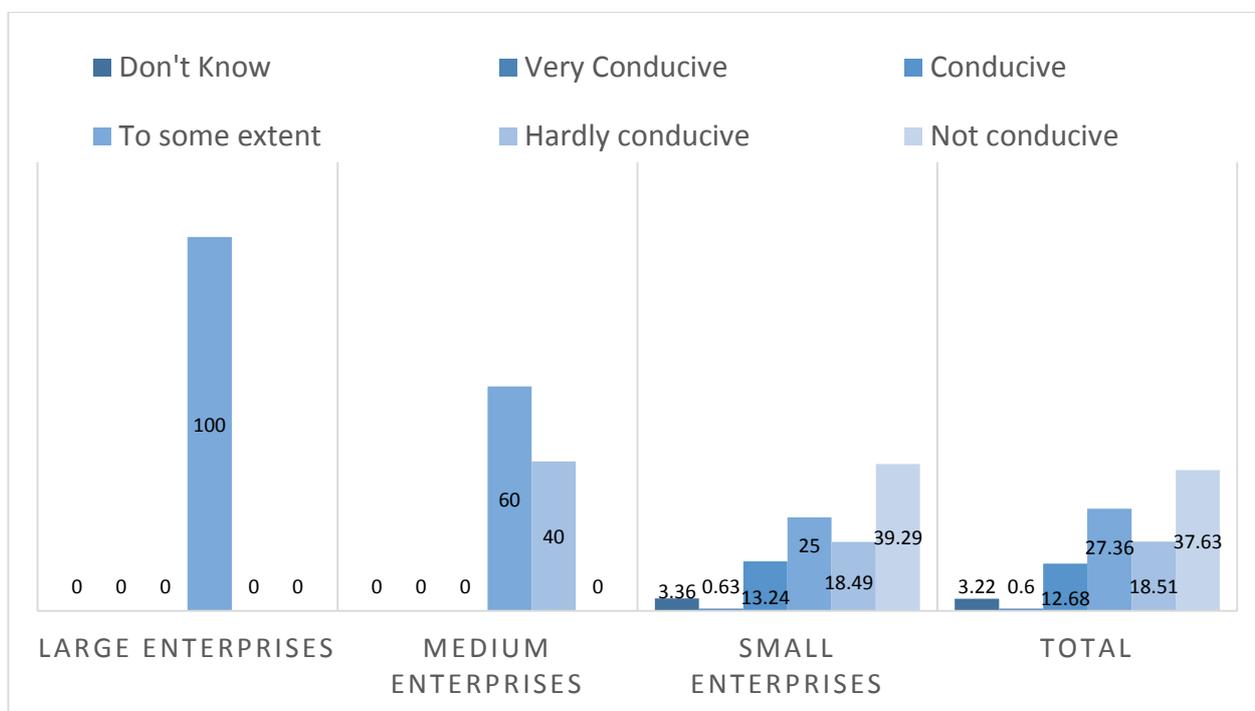
An extensive study of the mobile money transfer market in Sierra Leone highlighted that although this sector was yet to fully develop, it currently displays a huge growth potential (Cordaid, 2013). So far, regular power outages are however a major impediment to the development of

mobile banking. ICTs are the most promising way into financial inclusion in the country because mobile banking is able to fill the gaps which 'traditional' banking could not (ibid). Remote areas in the country remain under-banked, and there is the potential for domestic money transfers, which tend to be informally managed, to be regularized, and made faster and more reliable.

Analyses of the state of Sierra Leone's private sector regularly cite access to credit as a major challenge for businesses. The perception survey found that approximately 56% of respondents stated that policies of the financial sector were either 'not conducive' or 'hardly conducive' to small enterprise growth. There was a clear divergence of opinion between small firms and medium and large businesses. While around 58% of small enterprises held either of these opinions, 60% of medium-sized firms and 100% of large firms believed that the sector's policies were 'to some extent' conducive to small enterprise growth. During the KIIs, business owners were generally in agreement that medium-sized and large businesses were more likely to have access to financial services than small businesses, largely because they can offer the necessary collateral, something that small businesses are less able to do.

There was also general agreement that small formal businesses faced difficulties in getting a loan. Over 70% of respondents stated that it was 'impossible' or 'difficult' for such enterprises to access credit facilities. Despite there being a greater concentration of financial service providers in the Western Area, companies based in the provinces were more likely to state that it was 'easy' or 'very easy' for small firms to obtain loans. Around 18% of respondents in the Western area held either of these opinions, compared with 34% of respondents based in the provinces who also held this view.

Figure 23: Are financial sector policies conducive to small enterprise growth?

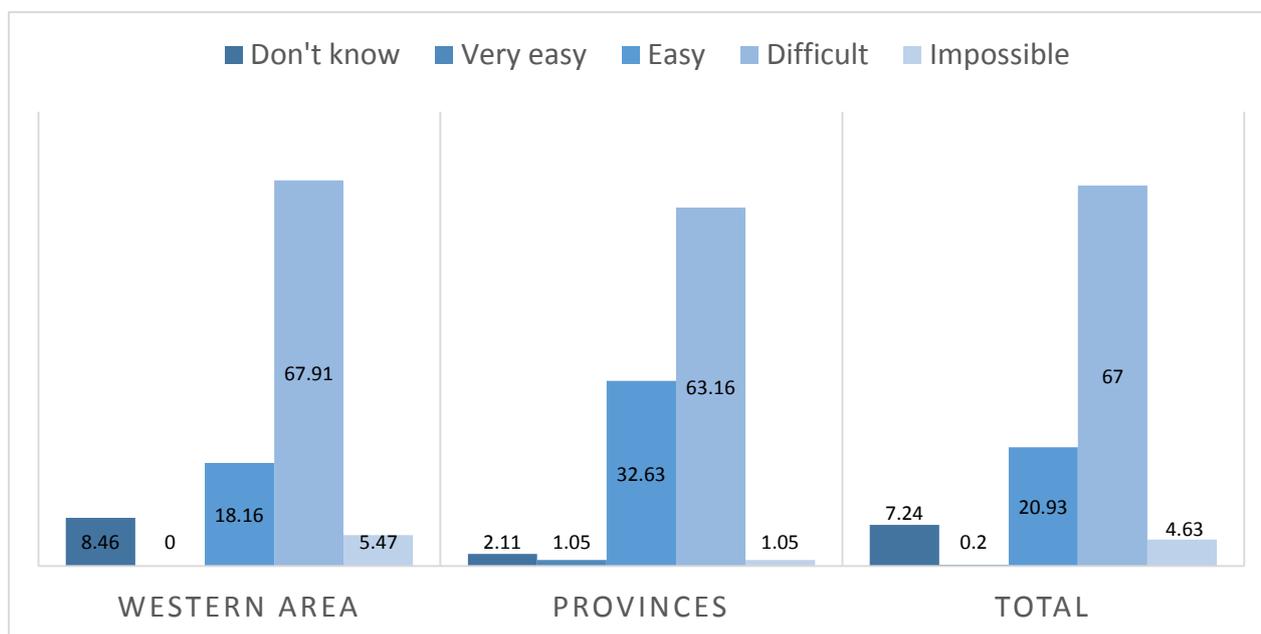


Source: Sierra Leone EESE Survey

While respondents generally held a negative view of the accessibility of credit for small enterprises, increased positivity in the provinces is surprising. Based on the KIIs, it is clear that small businesses outside the Western Area should be at a disadvantage. Several respondents, based in the Western Area and the provinces, commented that more financial institutions – including microfinance institutions and other lending institutions – are based in the Western Area than in the rest of the country. Furthermore, financial institutions – commercial banks in particular – are reluctant to accept land title deeds that are located in the provinces as collateral. In contrast, banks in the Western Area are more likely to accept such documents as collateral, on the condition that the applicants have been verified to be the legitimate owners. One participant from the tourism sector, who runs a restaurant, commented that they had never tried to secure a bank loan because of their inability to find a guarantor and because they do not own property.

One explanation for why respondents in the provinces were more positive about the ability of small businesses to access loans could be that the ratio of businesses to financial institutions outside of the Western Area is more favourable. Freetown and its environs does have a greater concentration of banks and microfinance institutions, but also has a much greater number of formal businesses. According to the Ministry of Trade and Industry, around 85% of firms are based in the Western Area yet some financial services providers have programmes specifically dedicated to rural/agricultural communities.

Figure 24: Access to loans for formal small businesses



Source: Sierra Leone EESE Survey

There was only a negligible difference in opinion between male and female-owned enterprises when it came to the question of the ability of small businesses to obtain loans: approximately 73% of women-owned businesses stated this was either 'impossible' or 'difficult', compared to 71% of men-owned enterprises. However, among the KII participants, a number of female entrepreneurs commented that women have a disadvantage in terms of securing a business loan. They said that some lending institutions – including certain banks and microfinance institutions – do not provide credit without the consent of a husband. While this occurs in the

Western Area as well as the provinces, respondents stated that such practices are more prevalent in the provinces.

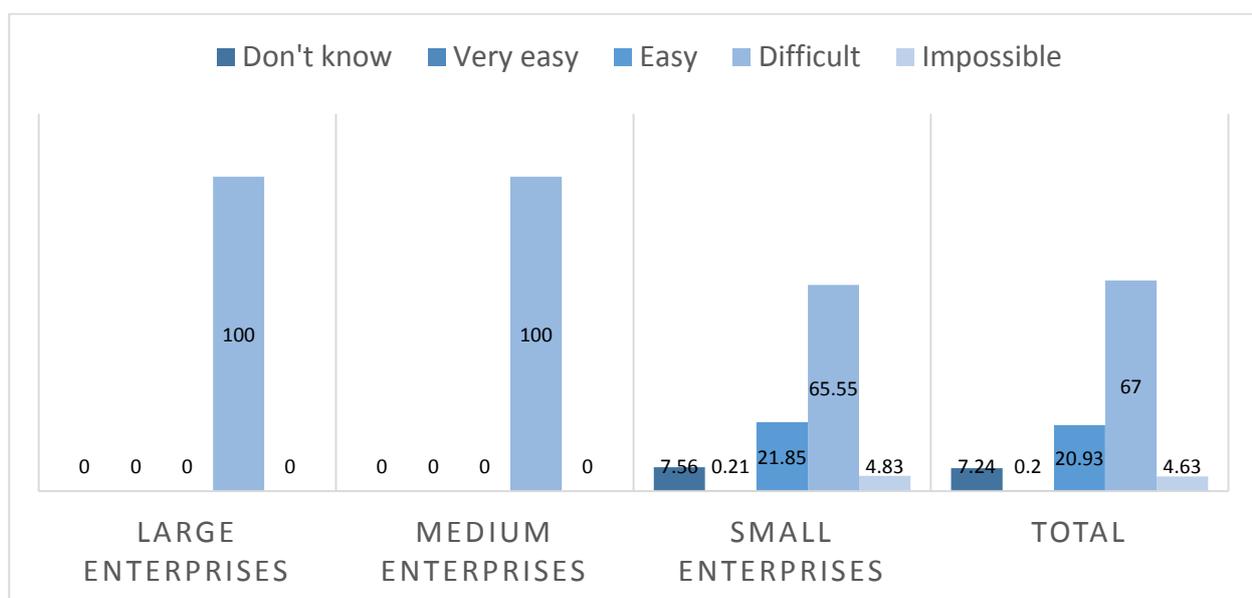
Figure 25: How easy do you think it is for a formal small business to obtain business loan?



Source: Sierra Leone EESE Survey

The distribution of responses to the same question based on firm size shows significant variation. All large and medium-sized firms stated the opinion that it is 'difficult' for small formal businesses to obtain loans. In contrast, 71% of small enterprises believed this to be either 'difficult' or 'impossible', while another 22% believed this to be 'easy' or 'very easy'. This divergence may be explained by a common perception that Sierra Leone's private sector faces severe obstacles to obtaining credit.

Figure 26: How easy do you think it is for a formal small business to obtain business loan?



Source: Sierra Leone EESE Survey

When asked about how easy it was for a non-formal business to obtain a business loan over 50% in both the Western area and provinces said that it was difficult, while 16% and 4% respectively said they did not know, 9% and 4% said it was easy, and 24% and 36% said it was impossible. A larger proportion of respondents of the Sierra Leone EESE Survey thought that equity capital was impossible to procure for a non-formal small business, at 38% in the Western Area and 31% in the provinces. With regards to equity capital from the Western Area 34% thought it was difficult to obtain while 60% from the provinces thought it was difficult to obtain for a non-formal small business.

Table 17: How easy is it for a non-formal business to obtain a loan or equity capital?

	Business loan		Equity capital	
	Western Area	Provinces	Western Area	Provinces
Difficult	50%	56%	34%	60%
Don't know	16%	4%	18%	7%
Easy	9%	4%	9%	2%
Impossible	24%	36%	38%	31%
Total	100%	100%	100%	100%

Source: Sierra Leone EESE Survey

When asked about which group was less likely to have access to formal finance female owned enterprises thought that women were least likely to (31%), as did male owned enterprises (29%). 29% of women owned enterprises and 25% of male owned enterprises thought there was no difference between men and women in terms of access to formal finance, while about 22% of male and female owned enterprises thought that men were less likely to have access to formal finance.

When asked about who they were likely to approach first for funding for a new business idea Sierra Leone EESE Survey respondents from formal enterprises overwhelmingly selected their own savings first (66%), family and friends second (22%) and commercial banks (19%) or micro lenders (17%) third. Respondents from the informal sector also selected their own savings (50%) as the primary source for funding for a new business idea, while informal savings and money lenders (31%) were the most popular second source, and microlender (22%) were the most selected third option.

SL EESE Survey respondents from formal enterprises named insufficient collateral, high loan costs, and a lack of guarantors as the three biggest barriers for entrepreneurs to accessing financing. Respondents from informal enterprises named the same, with a larger proportion selecting insufficient guarantors as a significant hurdle.

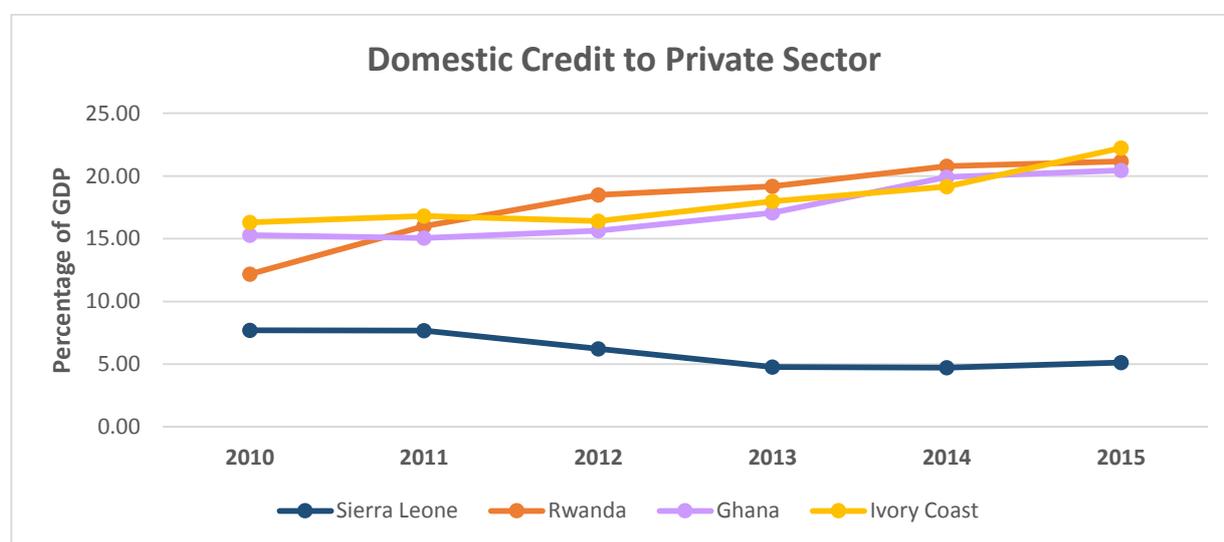
Table 18: What are the three biggest problems /barriers for entrepreneurs when applying for financing?

	Formal			Informal		
	1st	2nd	3rd	1st	2nd	3rd
Appraisal and processing times were lengthy	1%	8%	10%	1%	5%	3%
Business plan insufficiently prepared	1%	5%	6%	0%	8%	9%
Business plan rejected	0%	6%	6%	0%	1%	3%
Could not provide the required information (e.g. no info on cash flow)	2%	7%	11%	1%	9%	14%
High loan costs (e.g. interest rate)	31%	21%	32%	25%	16%	33%
Insufficient collateral	49%	20%	16%	49%	20%	14%
No or insufficient guarantors	12%	33%	18%	20%	40%	23%
Other (specify)	2%	1%	1%	3%	1%	1%
Grand Total	100%	100%	100%	100%	100%	100%

Source: Sierra Leone EESE Survey

The share of “Domestic Credit to Private Sector” as a percentage of GDP indicator shows that Sierra Leone’s share has reduced between 2010 and 2015, going from 7.71% of GDP in 2010 to 5.12% in 2015. In 2015 Rwanda was at 21.17%, Ghana at 20.44% and Ivory Coast at 22.22%.

Graph 16: Domestic credit to the private sector



Source: World Bank Databank, World Development Indicators Online

The “Depth of Credit Information Index” measures rules affecting the scope, accessibility, and quality of credit information available through either public or private credit registries. On a scale from 0 to 8 where higher values indicate better performance, Sierra Leone has stayed at 0 between 2013 and 2016. Ivory Coast was at 0 as well, though Rwanda did well at 8 in 2016, while Ghana was at 6.

The “Interest Rate Spread” indicator measures the difference between lending rate and deposit rate. Data for Sierra Leone shows that this was at 10.69% in 2011, and rose to 14.24% in 2015. No data was available for Ghana but in 2015 Ivory Coast was at -1.85% while Rwanda was at 9.44%.

Key access to financial services indicators, selected countries

Key Indicators							
<p>Domestic Credit to Private Sector (per cent of GDP) Domestic credit to private sector refers to financial resources provided to the private sector, such as through loans, purchases of non-equity securities, and trade credits and other accounts receivable, that establish a claim for repayment. For some countries these claims include credit to public enterprises.</p> <p><u>Source:</u> World Bank Databank, World Development Indicators Online³⁹</p>		2010	2011	2012	2013	2014	2015
	Sierra Leone	7.71	7.67	6.22	4.77	4.71	5.12
	Rwanda	12.19	16.00	18.50	19.1	20.7	21.17
	Ghana	15.29	15.05	15.64	17.0	19.9	20.44
	Ivory Coast	16.30	16.81	16.40	17.9	19.1	22.22
		122.5	117.3	118.5	121.	123.	127.4
	World	5	5	2	47	26	1
<p>Depth of credit Information Index</p> <p>The depth of credit information index measures rules affecting the scope, accessibility, and quality of credit information available through either public or private credit registries. The index ranges from 0 to 6, with higher values indicating the availability of more credit information to facilitate lending decisions. Specifically, a score of 0 indicates that the registry is not operational or that it covers less than 0.1% of the adult population. At the other end of the scale, a score of 6 indicates that regulations guarantee borrowers the right to access their data in the largest registry in the economy and that the following information is distributed as part of a report: (1) both positive and negative credit information; (2) data on both firms and individuals; (3) data from retailers and utility companies; (4) more than 2 years of historical data; and (5) data on loans below 1% of income per capita. 0=less information to 8=more information.</p> <p><u>Source:</u> World Bank, Doing Business project⁴⁰</p>		2013	2014	2015	2016		
	Sierra Leone	0	0	0	0		
	Rwanda	7	7	8	8		
	Ghana	6	6	6	6		
	Ivory Coast	0	0	0	0		
<p>Interest rate spread</p> <p>Interest rate spread (lending rate minus deposit rate) is the interest rate charged by banks on loans to prime customers minus the interest rate paid by commercial or similar banks for demand, time, or savings deposits.</p> <p><u>Source:</u> World Bank Databank, World Development Indicators Online⁴¹.</p>		2010	2011	2012	2013	2014	2015
	Sierra Leone	11.78	10.69	10.61	11.65	12.81	14.24
	Rwanda	9.84	8.77	6.45	8.35	9.90	9.44
	Ghana						
	Ivory Coast	-3.04	-2.73	-3.16	-1.58	-1.91	-1.85
	World	5.86	5.80	5.43	5.83	5.52	5.32

³⁹ <http://databank.worldbank.org/data/home.aspx>

⁴⁰ <http://www.doingbusiness.org/ExploreTopics/GettingCredit>

⁴¹ <http://databank.worldbank.org/data/home.aspx>

3.8. Physical infrastructure

The development of sustainable enterprises critically depends on the quality and quantity of the physical infrastructure available. Public investment in infrastructure is central to reducing bottlenecks to growth. Access to water and energy also plays a pivotal role. Rebuilding infrastructure has been one of the main concerns of the government since the end of the war, but in spite of evident progress, Sierra Leone still suffers from a “huge infrastructure deficit”, applicable to quality, cost of access and availability (AfDB, 2015). Public services in Sierra Leone are among the costliest in Africa whilst their penetration rates are among the lowest on the continent. Migration to urban areas has exacerbated these problems by stretching the existing networks’ limited capacities even further (ibid). The country has consistently remained at the lower end of the AfDB’s African Infrastructure Development Index (AIDI) for years, with a marginal improvement between the 2006-2009 and 2013-2016 periods (AfDB, 2016). In 2016, Sierra Leone ranked 46 out of 54 countries in the AIDI (ibid).

Sierra Leone’s lack of physical infrastructure is a major obstacle to the development of a thriving private sector, notably with regards to regional trade, making exports unattractive and imports costly (World Bank, 2013b, AfDB/OECD/UNDP, 2017). The sectors of transport and communication have nonetheless benefitted from numerous investments, mainly from government and international donors. In the early 2010s, both sectors transport and communication contributed to almost 12% of the national GDP (AfDB, 2011a). More recently, over half of the disbursed Aid for Trade funds, USD 64.5 million, in 2015, were allocated to transport and storage improvement- 31.23%, and energy- 23.85% (WTO/OECD, 2017).

There is a shortage of roads, and less than 10% of the network, 11,555 km in 2011, is made of paved roads (AfDB, 2011a). The National Rural Feeder Roads Policy found that only 39% of primary roads are in good condition, while just under 30% of the network is in a poor state, most of them located in the Northern parts of the country (WB, 2013b). Recent road improvement projects valued at over USD 3.85 million and financed by the government and international donors have enabled the refurbishment of over 1,500kms worth of roads (AfDB, 2011a). A good example of this was the construction of a highway linking Freetown to Conakry in 2009-2012, supported by the European Commission. The project led to the refurbishment of 76km of roads in Sierra Leone, contributed to a 30% decrease in transport costs and delays, and led to a considerable increase in trans-border trade (World Bank, 2013b).

In rural areas, half of the roads require repairs, and only about 21% of rural populations have access to roads that are usable all year-long. This situation impacts negatively on the trade of agricultural products as well as rural inhabitants’ ability to access public services such as schools and hospitals (AfDB, 2015; WB, 2013b). The inadequacy of the country’s transport infrastructure harms the development of an efficient agricultural sector. Transport costs and time can rise by a third during the rainy season, when roads become unusable (AfDB, 2011a). Urban public transports, operated by Sierra Leone Roads Transport Corporation often experience severe congestion. In addition, vehicles in use are often second-hand and rarely satisfy safety guidelines. New buses were recently introduced in Freetown following citizens’ outcries.

As for other types of transports in Sierra Leone, air travel suffers from a severe deficit. Airline servicing is poor and regional connections are non-existent. The Lungi airport in Freetown

is poorly located, 15km outside of the city on a peninsula, requiring that passengers use water taxis to reach the city (AfDB, 2011a). Lungi is not sufficiently equipped to manage freight. A project of new airport in Mamamah (Freetown) has been encouraged by the government since President Koroma's entry in office but has faced numerous set-backs and is currently on hold.

There are four ports in Sierra Leone but it is the Freetown port of Queen Elizabeth II that is most active in terms of international trade. The ports of Nitti and Kissy are specifically dedicated to rutile and petroleum goods exports while a large mining multinational leases the port of Pepel (AfDB, 2011a). The multinational also operates Sierra Leone's sole railway connection, linking the port to a mine in Northern Sierra Leone (ibid).

Energy is the area in which Sierra Leone performs the most poorly in the AIDI. In fact, its performance worsened in recent years, with a drop from the rank of 47 out of 54 countries in 2013 to 48 since 2014 (ICA, 2016). Barely 1% of the rural population has access to electricity, as opposed to 11% of the urban population (ICA, 2016). In the cities of Freetown, Bo, Kenema and Makeni, only 30% of inhabitants have access to energy, albeit with regular outages requiring the use of emergency generators. Nationally, access to energy is available to less than 15% of the population and those connected face particularly high energy prices (AfDB, 2015). Access to electricity for enterprises is just as arduous and costly. A 2017 survey showed that the lack of access to electricity was the second biggest impediment to the growth of local enterprises (IBRD/WB, 2017).

The African Development Bank attributes high prices to low governance capacities (AfDB, 2011a). Since 2015, the government has undertaken reforms to cut down on procedures and delays, by recruiting additional staff (WB, 2017a). Sierra Leone is one of the 14 member countries of the West African Power Pool (WAPP) program which is coordinated by the Infrastructure Consortium for Africa (ICA) and the Economic Community of West African States (ECOWAS). The latest WAPP report shows that while between 2008 and 2015, Sierra Leone's installed capacity increased aggregated population access to electricity effectively declined from 8% to 5% (ICA, 2016).

The Bumbuna Hydro-Power station brought to operation in 2010 marked Sierra Leone's return to sustainable energy production planning and away from fuel-based energy production (AfDB, 2011a). Begun in the 1970s, the project was stalled by the civil unrest (PIDG, 2012). The power station doubled the country's power production capacity and considerably reduced production costs (IBRD/WB, 2011). The population did not, however, benefit much from these improvements, in part because the plant production capacity drops by over half in the dry season, and in part because of poor governance (ibid; AfDB, 2011a). The tender and contracting process for the exploitation of the power station was rushed and led to the National Power Authority having to purchase power at a highly inflated cost (AfDB, 2011a). The second phase of the project will be shortly underway, after the government signed an agreement with a multinational. It is expected that this phase will enable a 600% rise in energy production, bringing Bumbuna's capacity from 50MW to 389 MW (ibid). There is however a severe offset between energy production and distribution in the country, leading to chronic monetary loss, intensified by Sierra Leone's incapacity to export electrical surpluses (AfDB, 2011).

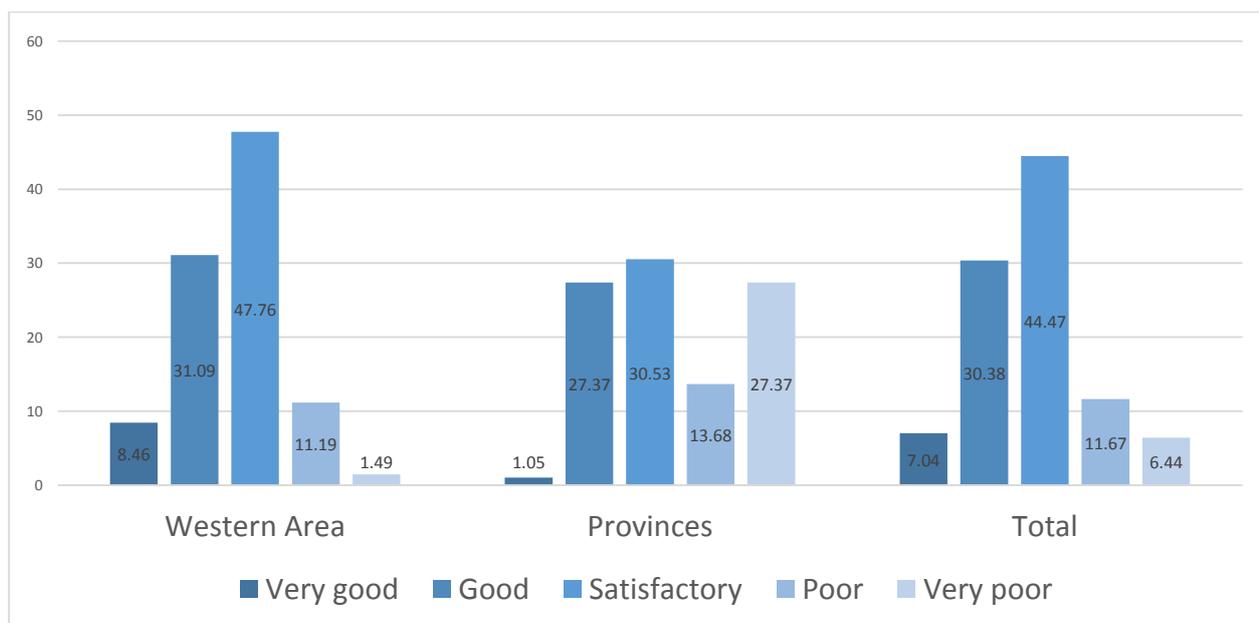
The government is committed to improving access to quality energy throughout the country. Local and international investments are encouraged and the strategy is backed up by an

enabling investment environment in this area, especially for sustainable energy such as solar energy which could take advantage of Sierra Leone’s 2,180 annual hours of sunshine. The bio-fuel sector has already attracted FDI. The legislation for investments in this area is flexible and grants access to Independent Power Producers interested in signing an agreement with the state (MFA, 2015). 27 potential locations for hydropower stations have been selected, and the country’s estimated capacity for energy production is of 1,513MW (ibid).

Water is plentiful in Sierra Leone, especially in comparison with neighbouring countries. Renewable water reserves amount to 30,960 annual cubic meter per capita (IBRD/WB, 2011). This exceptional endowment has made up for the country’s insufficient irrigation systems. For the most part, agriculture relies on rainfalls. At present, only about 11% of the 807,000 hectares of land able to be irrigated are equipped (ibid). Access to safe drinking water has improved substantially since the pre-war period to reach 60% of the population in 2013 (SSL, ICF International, 2014).

Sierra Leone’s physical infrastructure is generally considered to be a challenge for most businesses. However, the quality of roads was viewed as a bigger problem in the provinces than in the Western Area. In the provinces around 41% consider road quality to be either ‘poor’ or ‘very poor’, compared to 13% in the Western Area. This divergence was particularly noticeable among respondents who considered the quality to be ‘very poor’: 27% of respondents in the provinces shared this view, compared to 1.5% in the Western Area. Sierra Leone’s road infrastructure was also a major point of contention for KII participants. Employers at large and medium-sized firms commented that roads in Freetown has been significantly improved, but complained that when their vehicles transported goods across the country, significant maintenance costs were incurred. Respondents from small businesses also viewed this as a major problem, commenting that the cost of conveying commodities from the provinces to Freetown was too high.

Figure 27: How would you assess the quality of roads (from the point of view of enabling businesses to operate effectively and efficiently)?



Source: Sierra Leone EESE Survey

A similar divergence existed with regard to employers' views on the quality of electricity supply. Around 43% of respondents in the provinces considered the quality to be 'poor' or 'very poor', a view shared by 26% of Western Area respondents. Again, this difference was particularly stark with respondents who considered the quality of electricity supply to be 'very poor': 21% in the provinces compared to 5% in the Western Area. KII participants located in the Western Area commented that, while electricity supply had increased in recent years, this remained a significant challenge for them. The cost associated with running generators was highlighted in particular.

Figure 28: How would you assess the quality of electricity supply (from the point of view of enabling businesses to operate effectively and efficiently)?



Source: Sierra Leone EESE Survey

The same is also true with regard to the quality of water and sewage. A majority of respondents assessed the quality to be either 'poor' or 'very poor', but again this feeling was stronger in the provinces, where approximately 77% held a negative opinion. In the Western Area, 56% of respondents shared this view. Among the KII participants, a number of small business owners and employers commented that only a few businesses in the Western Area can claim to have access to proper water and sewage facilities. Most firms buy water (for drinking and sanitation purposes) from water companies for their offices. This increases their operational costs. Some of the participants from the provinces stated that their main source of water supply is from boreholes, which are stored in plastic containers for office use. While participants from large and medium-sized businesses stated that they had adequate access to water and sewage services, several small business respondents stated that they could not afford office space, with the result that they did not have adequate water and sewage facilities. This was the case for businesses located in the Western Area and provinces.

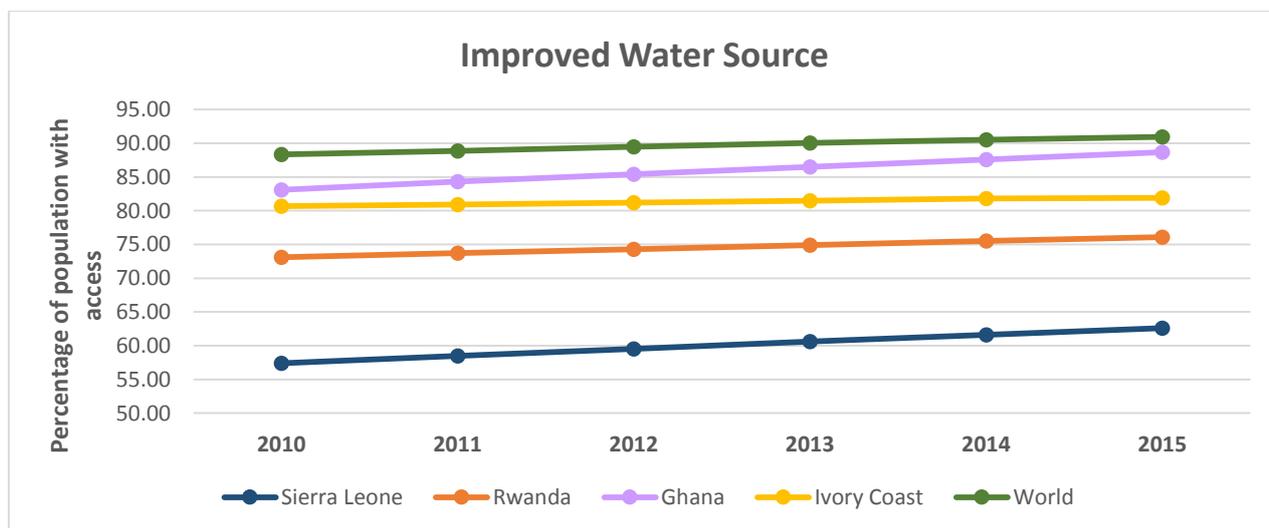
Figure 28: How would you assess the quality of water and sewage (from the point of view of enabling businesses to operate effectively and efficiently)?



Source: Sierra Leone EESE Survey

The percentage of Sierra Leone’s population with access to improved water sources improved from 57.40% in 2010 to 62.60% in 2015. The other three countries also show a slight improvement. Rwanda went from 73.10% in 2010 to 76.10%, and in the same years Ghana went from 83.10% to 88.70% while Ivory Coast went from 80.70% to 88.70% in 2015.

Graph 17: Improved Water Source (% of population with access)



Source: World Bank Databank, World Development Indicators

The “Quality of Overall Infrastructure Index” attempts to assess whether a country's infrastructure is underdeveloped or extensive and efficient on a scale from 1 to 7, with higher values indicating better performance. Sierra Leone’s index deteriorated, going from 3.1 in 2013 to 2.4 in 2016. In 2016 Rwanda was at 4.6, Ghana at 3.2 and Ivory coast at 4.2.

The “Quality of Port Infrastructure Index” is meant to represent how accessible port facilities are, on a scale from 1 to 7 with higher values indicating better performance. Sierra Leone’s index dropped from 3.6 in 2013 to 2.8 in 2016. Ivory Coast saw its index go up in the same period from 4.5 to 5.2, but both Ghana and Rwanda also saw their index dropping to 3.5 and 3.3 in 2016 respectively.

Key physical infrastructure indicators, selected countries

Key Indicators	2010	2011	2012	2013	2014	2015																																					
<p>Improved water source (per cent of population with access)</p> <p>Access to an improved water source refers to the percentage of the population with reasonable access to an adequate amount of water from an improved source, such as a household connection, public standpipe, borehole, protected well or spring, and rainwater collection. Unimproved sources include vendors, tanker trucks, and unprotected wells and springs. Reasonable access is defined as the availability of at least 20 litres a person a day from a source within 1 kilometre of the dwelling.</p> <p><small>Source: World Bank Databank, World Development Indicators Online⁴²</small></p>	<table border="1"> <thead> <tr> <th></th> <th>2010</th> <th>2011</th> <th>2012</th> <th>2013</th> <th>2014</th> <th>2015</th> </tr> </thead> <tbody> <tr> <td>Sierra Leone</td> <td>57.40</td> <td>58.50</td> <td>59.50</td> <td>60.60</td> <td>61.60</td> <td>62.60</td> </tr> <tr> <td>Rwanda</td> <td>73.10</td> <td>73.70</td> <td>74.30</td> <td>74.90</td> <td>75.50</td> <td>76.10</td> </tr> <tr> <td>Ghana</td> <td>83.10</td> <td>84.30</td> <td>85.40</td> <td>86.50</td> <td>87.60</td> <td>88.70</td> </tr> <tr> <td>Ivory Coast</td> <td>80.70</td> <td>80.90</td> <td>81.20</td> <td>81.50</td> <td>81.80</td> <td>81.90</td> </tr> <tr> <td>World</td> <td>88.36</td> <td>88.87</td> <td>89.48</td> <td>90.05</td> <td>90.54</td> <td>90.95</td> </tr> </tbody> </table>		2010	2011	2012	2013	2014	2015	Sierra Leone	57.40	58.50	59.50	60.60	61.60	62.60	Rwanda	73.10	73.70	74.30	74.90	75.50	76.10	Ghana	83.10	84.30	85.40	86.50	87.60	88.70	Ivory Coast	80.70	80.90	81.20	81.50	81.80	81.90	World	88.36	88.87	89.48	90.05	90.54	90.95
	2010	2011	2012	2013	2014	2015																																					
Sierra Leone	57.40	58.50	59.50	60.60	61.60	62.60																																					
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Ghana	83.10	84.30	85.40	86.50	87.60	88.70																																					
Ivory Coast	80.70	80.90	81.20	81.50	81.80	81.90																																					
World	88.36	88.87	89.48	90.05	90.54	90.95																																					
<p>Quality of Overall Infrastructure Index Survey data: “General infrastructure in your country is: 1 = underdeveloped, 7= as extensive and efficient as the world’s best”.</p> <p><small>Source: World Economic Forum, The Global Competitiveness Report⁴³.</small></p>	<table border="1"> <thead> <tr> <th></th> <th>GC Report 2013/14</th> <th>GC Report 2014/15</th> <th>GC Report 2015/16</th> <th>GC Report 2016/17</th> </tr> </thead> <tbody> <tr> <td>Sierra Leone</td> <td>3.1</td> <td>2.9</td> <td>2.4</td> <td>2.4</td> </tr> <tr> <td>Rwanda</td> <td>4.5</td> <td>4.3</td> <td>4.5</td> <td>4.6</td> </tr> <tr> <td>Ghana</td> <td>3.8</td> <td>3.4</td> <td>3</td> <td>3.2</td> </tr> <tr> <td>Ivory Coast</td> <td>3.8</td> <td>4</td> <td>4.5</td> <td>4.2</td> </tr> </tbody> </table>		GC Report 2013/14	GC Report 2014/15	GC Report 2015/16	GC Report 2016/17	Sierra Leone	3.1	2.9	2.4	2.4	Rwanda	4.5	4.3	4.5	4.6	Ghana	3.8	3.4	3	3.2	Ivory Coast	3.8	4	4.5	4.2																	
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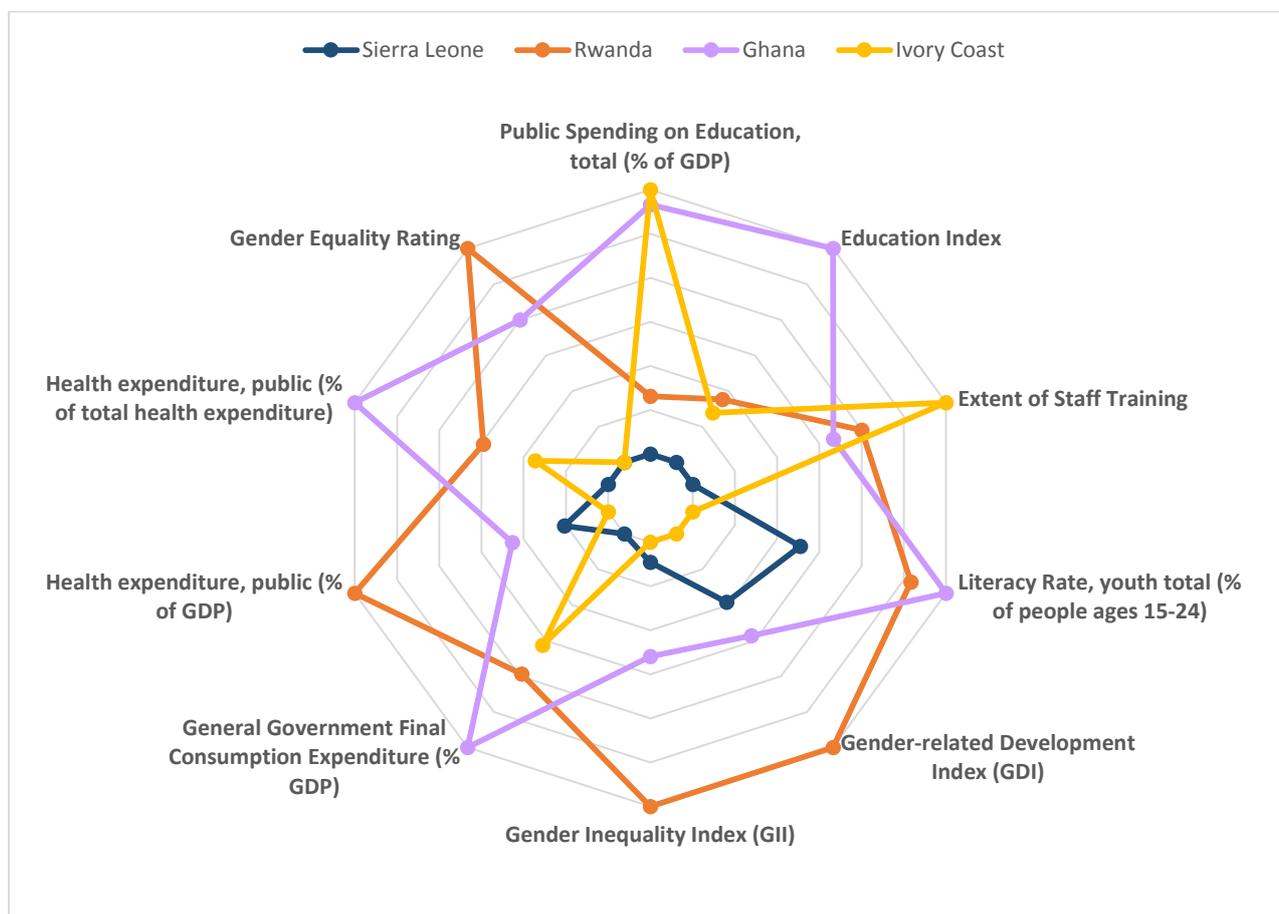
⁴² <http://databank.worldbank.org/data/home.aspx>

⁴³ <http://www.weforum.org/issues/global-competitiveness>

⁴⁴ Ibid.

4. Social Elements

Indicators assessing social elements of an enabling environment for sustainable enterprises



Note: the values for the individual indicators have been harmonized for better presentation and formatted so that the further from the centre a data point is, the better the country's performance in that regard. The original indicator values are included in the chapters.

- The cultural environment does not foster entrepreneurship because this activity is not considered prestigious.
- Huge rates of youth under or un-employment call for a national shift towards the development of an entrepreneurial culture.
- Business incubators and private sectors associations have also mushroomed in the past few years.
- When asked about the most important reasons preventing young people from starting a business Sierra Leone EESE Survey respondents from small enterprises highlighted the lack of access to appropriate funding.
- In 2010, over a third of enrolled children aged 7 to 14 years-old combined schooling with an economic activity, whilst two third of unenrolled children lived in rural areas.
- The outbreak of Ebola had a very negative impact on education.
- TVET institutions in Sierra Leone lack qualified and trained staff; adequate facilities and tools; a coordinated national policy to harmonise the curriculums; efficient mechanisms of certification, accreditations and examinations and information on other TVET institutions.
- 63% of the population is below the age of 25, making job creation an acute concern.
- Life expectancy has increased by 14 years since 1990.
- Gender inequality is a pervasive issue in Sierra Leone and gender-based violence is prevalent.
- Social safety nets need to be strengthened and widened.

4.1. Entrepreneurial culture

The general recognition of the key role of enterprises in development is a fundamental element for a conducive business environment. Strong public and private support to entrepreneurship, business innovation, and institutions that support and promote entrepreneurship are other important determinants of an enabling environment for sustainable enterprises. The profile of Sierra Leonean entrepreneurs is rather diverse and includes educated entrepreneurs (men and women), female entrepreneurs (most particularly found in the marketing business) and foreign entrepreneurs (Indian and Lebanese) (AfDB/OECD/UNDP, 2017). A new enterprise survey (SOBA, 2017) showed that well-established, successful entrepreneurs tend to be more educated, to have substantial professional experience and to be in their late 30s or early 40s (ibid). The diaspora plays an increasingly large role in the development of the private sector.

The SME sector is developing, most particularly through producers or entrepreneurs' groups. The booming sector is that of services, and especially IT, trade, transport and travel sectors. These sectors remain easy to access and relatively free from business oligarchies (Manuel & Katiyo, 2017). The country ranked short of last (135 out of 137) in the 2017 Global Entrepreneurship Index ranking, with a score of 11.4 out of 100 (GEDI, 2017). Sierra Leone ranks 28 out of 30 sub-Saharan African countries in this ranking and obtains a 23% institutional score (ibid).

The Ministry of Trade and Industry (MTI)'s 2016 enterprise survey showed that lack of finance was the main barrier to market entry, alongside the overall costs of running a business (AfDB/OECD/UNDP, 2017). The entrepreneurship culture in Sierra Leone is yet to grow but the latest Global Entrepreneurship Index (GEDI, 2017) displayed a strengthening national entrepreneurship culture with a cultural support score of 0.18, among the country's highest scores in that specific ranking.

The cultural environment does not foster entrepreneurship because this activity is not considered prestigious, due to high rates of failure. In addition, Sierra Leone's high-risk environment in terms of peace and security, health, natural disasters, vulnerability to global commodity prices, etc. is a major source of concern for 75% of entrepreneurs (SOBA, 2017). Entrepreneurs and SMEs are nonetheless essential to Sierra Leone's economy, since 70% of the working population is employed by an MSME. Huge rates of youth under or un-employment (BSL, 2016), also call for a national shift towards the development of an entrepreneurial culture. According to some estimates (GEDI, 2017) as little as a 10% improvement in the entrepreneurship environment in the country could add USD 7.1 billion to the Sierra Leonean economy. It is therefore important to mainstream entrepreneurship training into the curriculum of schools, colleges and universities.

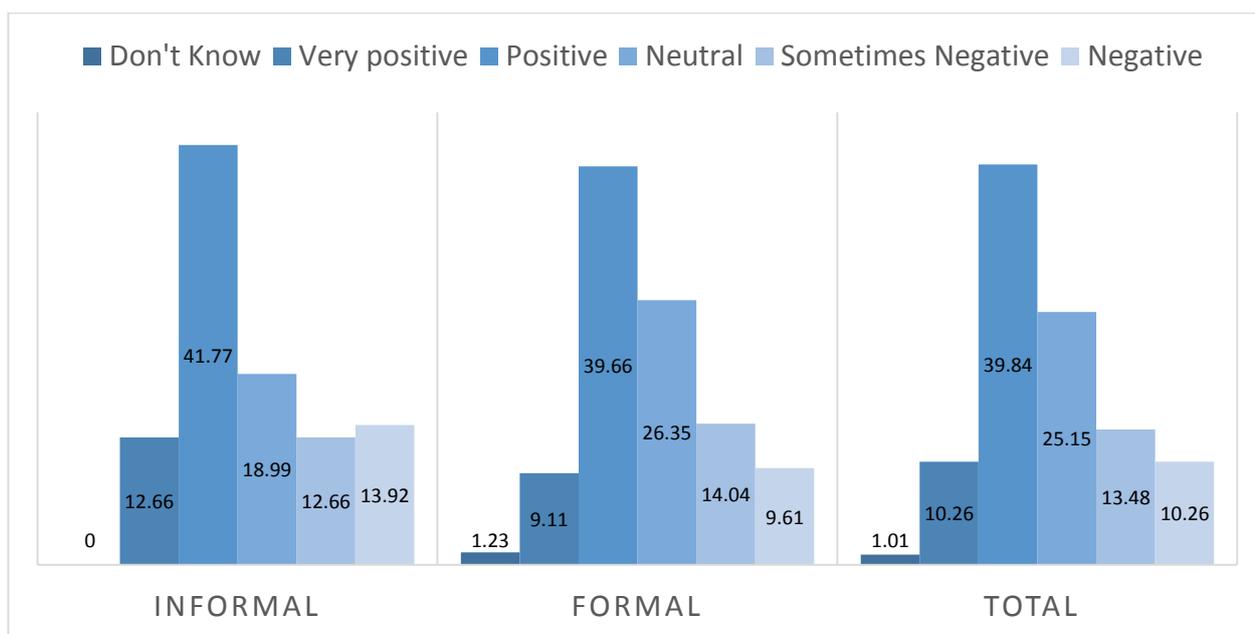
The National Youth Policies of 2003 and 2012 have put an emphasis on the necessity to develop an entrepreneurial culture amongst the youth (AfDB/OECD/UNDP, 2017). The government, international donors, NGOs and other actors of the private sector in Sierra Leone are progressively reviewing and tailoring their business development strategy offerings to the needs of local entrepreneurs. The MTI has for instance organised business plan competitions since 2009. The Bomba Competition was part of the MTI's 2008 Private Sector Development Strategy

Programme (PSDSP) which emphasised entrepreneurship, described as the main vector for the growth of the private sector. The PSDSP planned large-scale communication campaigns, the provision of entrepreneurship training in tertiary education and private sector organisations' services (MFI, 2008).

A recent ILO mapping and workshop carried out in 2017 identified that the current business development strategy offerings require improvement in terms of coordination, relevance and quality of services. Business incubators and private sectors associations have also mushroomed in the past few years (AfDB/OECD/UNDP, 2017). Online services and recruitment agencies have multiplied to help entrepreneurs and SME development but these services have yet to prove their efficiency (SOBA, 2017). The Cherie Blair Foundation for Women, the Young Men's Christian Association, Cordaid, and several other international and national donor and other entities are part of the entrepreneurial ecosystem in Sierra Leone.

Strong public and private support for entrepreneurship, innovation, creativity, and the concept of mentorship are important determinants of an enabling environment for sustainable enterprises. In the Sierra Leone EESE Survey a couple of indicators were used to show the degree of entrepreneurial culture in Sierra Leone among young people bringing out opinions related to gender biases. The Sierra Leone EESE Survey asked respondents to describe the attitude of young people towards entrepreneurship. Approximately 54% of respondents from informal businesses expressed the opinion that young people have a 'positive' or 'very positive' attitude towards entrepreneurship, compared to 49% of respondents from formal businesses. Overall, businesses tended to believe that young people exhibit positive attitudes towards entrepreneurship as shown below.

Figure 29: In Sierra Leone, how would you describe general attitudes among young people toward entrepreneurship?



Source: Sierra Leone EESE Survey

When asked about programmes supporting the growth of entrepreneurial activities 30% of Sierra Leone EESE Survey respondents from small enterprises said that these were sometimes included, while 19% said these components were not included and a further 18% said they were rarely included. Respondents from medium enterprises overwhelmingly, at 70% thought that supporting the growth of entrepreneurial activities was sometimes included in programmes, as did 64% of respondents from large enterprises.

The survey also asked respondents whether young people possess the skills and competencies needed to start and run their own businesses. Overall findings show that more respondents expressed the opinion that young people have the skills to pursue their entrepreneurial ambitions, with around 25% stating that 'most do' compared to 11% of respondents who stated that 'most do not'. Respondents from female-owned businesses tended to have a more positive view, with approximately 73% stating that 'quite a few' or 'most do', in contrast to 64% of male-owned businesses who gave the same response.

Among KII participants, those from female-owned businesses also stated that, overall, women had a more positive attitude toward entrepreneurship than men. This, one participant explained, was largely due to the opportunity to establish economic independence. These participants did also believe there to be a divergence in outlook among women based on location. Several commented that young women in the Western Area tended to have a more positive attitude towards entrepreneurship than those in the provinces, largely because of the difference in market opportunity and support. In the Western Area, there is a greater concentration of financial institutions where credit can be sourced; as well as access to procurement opportunities from government ministries and agencies, donors and large corporates; and access to electricity and road infrastructure than in the provinces.

While the perception survey suggests a degree of optimism among employers about young peoples' skills, a number of KII participants voiced scepticism. Those from large and medium-sized enterprises stated that the general skills-deficit in Sierra Leone prevented many young people from being able to develop the necessary competencies. This problem, in their opinion, is particularly acute in the provinces, where fewer universities and technical and vocation training centres are located. Two participants from the tourism sector also commented that many businesses die within two or three months because their owners lack the 'technical know-how' to run a business. Small business owners and managers expressed the opinion, however, that young people preferred to find wage employment because they did not see entrepreneurship as a viable source of income and viewed such activities as 'high risk'. There was also general agreement that the Western Area offered more potential for starting businesses than the provinces, largely because of the concentration of people and wealth.

When asked about the most important reasons preventing young people from starting a business Sierra Leone EESE Survey respondents from small enterprises selected that young people couldn't access appropriate funding, the lack of information on how to start a business, lack of skills and training, and the fact that young people prefer wage jobs. Respondents from medium sized enterprises emphasized that the education system does not teach young people how to become entrepreneurs, in addition to the previously mentioned factors. Respondents from large enterprises highlighted that young people in general do not visualise entrepreneurship to be a career option.

Identifying indicators that show the degree of entrepreneurial culture in a country is quite challenging. “New Business Density” indicates the number of newly registered limited liability companies per 1000 working age people in a year. Of the four countries reviewed in this report, information is not available for Ivory Coast. In 2007 the number of newly registered limited liability companies per 1000 working age persons was 0.21 in Sierra Leone, growing to 0.32 in 2012. Rwanda was highest in 2012 at 1.07, while Ghana was at 0.90.

Key business density indicators, selected countries

Key Indicators	2007	2008	2009	2010	2011	2012	2016
New Business Density The number of newly registered limited liability companies per 1,000 working-age people (those ages 15-64) in that year.							
Sierra Leone	0.21	0.28	0.34	0.23	0.39	0.32	0.26
Rwanda	0.16	0.21	0.54	0.56	0.78	1.07	1.95
Ghana	0.75	1.10	1.13	0.99	1.09	0.90	..
Ivory Coast	..	..	..	..	..	..	..
World	40.58	31.30	23.87	3.58	3.64	3.70	4.66

Source: World Bank Databank, World Development Indicators Online⁴⁵

4.2. Education, training and lifelong learning

Expanding people’s capabilities through high-quality education, training and life-long learning, and cultivating a skilled workforce are important elements in ensuring high levels of productivity for enterprises and the labour force. Investments in physical infrastructure, as well as developments in other economic sectors require an educated and skilled workforce to yield high returns. Progress has been accomplished in improving education thanks to the commitment of the GoSL but the country started with institutional challenges.

The commitment to improving education is poorly reflected in the rate of education spending as a percentage of the GDP which has followed a saw tooth curve recent years, but has mostly remained well under the sub-Saharan African average of 5% (WB, 2013c). The share of national budget allocated to this sector, which dropped below 13% in 2010-2011 has however begun to rise again. Almost half of the total education budget goes to primary education, at the expense of secondary and vocational training (UNESCO, 2013). In addition, the share of the budget left to administration, educational items, etc. is marginal, with 80% of the spending allocated to teachers’ wages, which nonetheless remain low (ibid).

The primary school net enrolment rate has significantly improved within the MDGs framework to 98.32% in 2016⁴⁶, as has the youth- 15 to 24 years-old, literacy rate which went from 48% in 2010 to 69% in 2013, with however a certain advantage for males (AfDB/OECD/UNDP, 2017). In 2010, over a third of enrolled children aged 7 to 14 years-old combined schooling with an economic activity, whilst two third of unenrolled children lived in rural areas (ILO/UNICEF/WB,

⁴⁵ <http://databank.worldbank.org/data/home.aspx>

⁴⁶ <http://uis.unesco.org/en/country/sl?theme=education-and-literacy>

2014). Women remain largely disadvantaged in terms of education. Over half of them between the ages of 15 and 49 years had not received any education in 2014, and only over one woman in three was literate compared to 54% of men (SSL & ICF International, 2014). Women are less likely to be educated beyond primary school than men, with only 30% of them having done so, compared to 47% of men (ibid).

A new education system was introduced in 2013, adding an extra year of schooling to the secondary education program. Poor achievements of students in national examinations did not decline, prompting an investigation by the Gbamanja Commission of Inquiry (HRCSL, 2015). The inquiry found that funding was insufficient to efficiently enforce the new system and to address numerous issues such as the lack of proper buildings, delays in payments to schools and teachers' wages, lack of qualified teachers etc. (ibid). Several problems existed prior to the restructuring of the system such as high rates of repeated years, even at primary levels of schooling (UNESCO, 2013).

The EVD outbreak had a negative impact on education in spite of the e-learning initiative (through national media) during the crisis. Many schools had to be shut down to be used as health centres. Teenage pregnancy rates went up as a result but pregnant pupils were not allowed back in school (HRCSL, 2015).

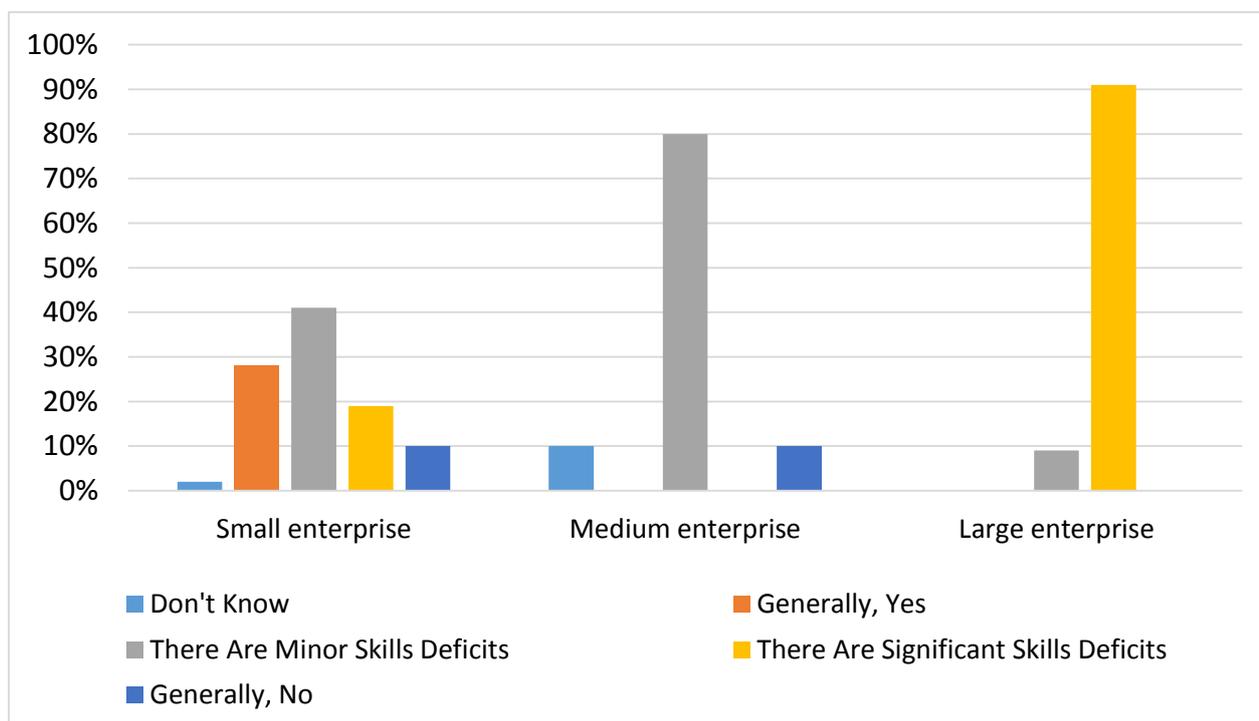
The impact of higher education on employment prospect in Sierra Leone is proven. Over 90% of graduates enjoy job security (UNESCO, 2013). The Sierra Leone tertiary education rate is amongst the lowest globally, with only 2.2% of the population having benefitted from it (SOBA, 2017). Additionally, these graduates were found to have limited skills. 2001 data on vocational training showed that there were more Sierra Leoneans enrolled than the sub-Saharan average, and 44% of students were women (DTCIDC, 2015). Recent data, however, shows that Technical Vocational Education and Training (TVET) centres have become derelict and are unable to adapt to the needs of the private sector (SOBA, 2017). Overall, TVET institutions in Sierra Leone lack qualified and trained staff; adequate facilities and tools; a coordinated national policy to harmonise the curriculums; efficient mechanisms of certification, accreditations and examinations and information on other TVET institutions (UNESCO, 2005). University-level entrepreneurship training offerings are similarly mismatched to the requirements of the private sector, and tend to set practical skills aside, rendering graduates less attractive to recruiters (ibid).

There is therefore a gap between the domestic levels of education, including vocational, and enterprises' requirements, which negatively affects growth prospects and productivity. Entrepreneurs often rely on post-recruitment training as a result, another factor of slowed growth (ibid). Several initiatives have emerged in response to these shortcomings. The Freetown Business School was launched in early 2017 and provides Continuous Professional Development (CPD) courses. In the long term the school expects to develop additional accredited courses and academic programs covering "accounting, finance, marketing, management, entrepreneurship, leadership, human resources, business information technology and languages" (SOBA, 2017). Similarly, Malaysia's Limkokwing University School of Creative Technology opened a school in the Sierra Leonean capital. The school's comparative advantage lies in its industrial partners at the local and international level (ibid).

As part of its mandate to support agribusiness and SMEs, the Sierra Leone Investment and Export Promotion Agency (SLIEPA) has been involved in short-term training programs to the benefit of SMEs and groups of producers working along export value chains. 50 SMEs were trained in 2016 (SLIEPA, 2016). On the whole however, access to business development strategy and entrepreneurship training is limited, not only in terms of financial means, but also of availability, especially outside of Freetown. Entrepreneurs are most in need of financial assistance (accounting and financial education), marketing and logistics courses, coaching and HR services, legal assistance and IT support (SOBA, 2017). There is however a certain reluctance to invest in these due to a lack of information on the providers (especially private companies) and on the benefits of training (ibid).

From the Sierra Leone EESE Survey it emerged that overall, employers do not consider Sierra Leone’s work force to have the necessary skills. Only around 2% of respondents stated that workers have skills demanded by businesses, while another 27% stated that ‘there are minor skills deficits’. In contrast, about 61% of respondents stated that ‘there are significant skills deficits’ or ‘generally, no’. Respondents from large enterprises were particularly negative, with 91% stating that ‘there are significant skills deficits’. In contrast, only 19% of small enterprises gave the same response.

Table 19: Overall, do you think that workers have the skills demanded by business in Sierra Leone?



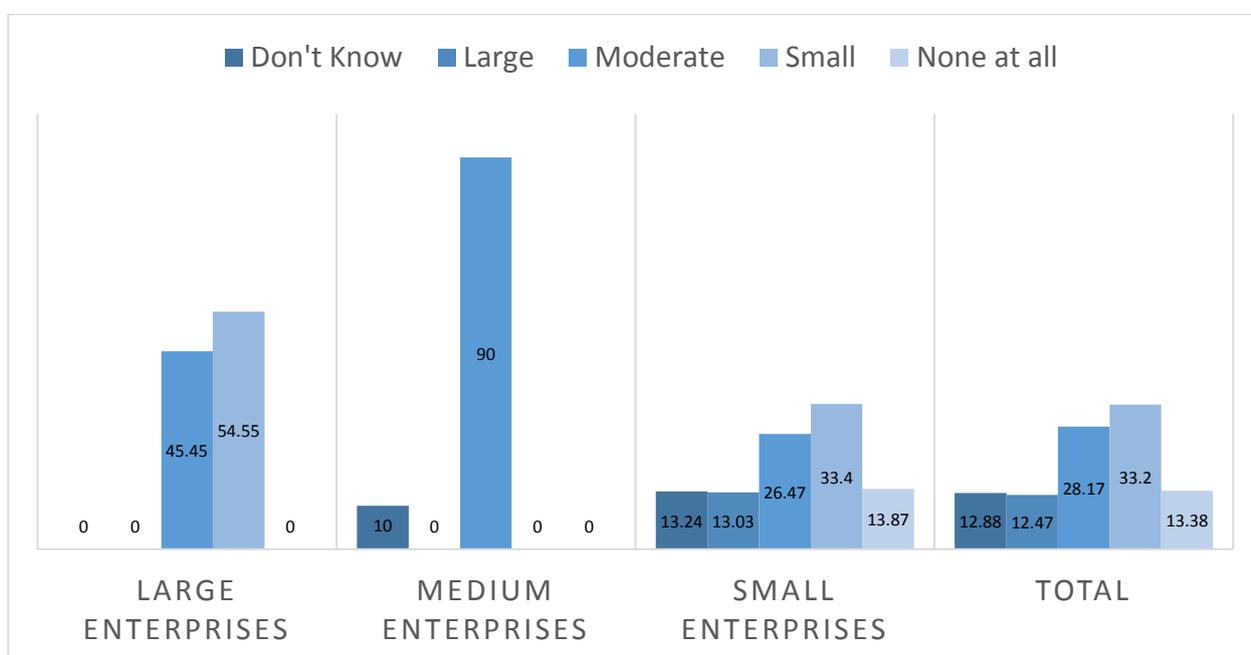
Source: Sierra Leone EESE Survey

While part of this problem can be attributed to the quality of Sierra Leone’s education system, enterprises of all sizes offer few training opportunities to their employees. Approximately 47% of all respondents expressed the opinion that the investments of businesses in internal training programmes was either ‘small’ or non-existent, compared to 41% of respondents who

stated that the investment was 'moderate' or 'large'. Around 55% of large employers responded that the investment was 'small'.

Among the KII participants, several large and medium-sized employers admitted that they are not investing much in training their staff, reasoning that those that were hired have sufficient training to perform their jobs when they joined. Another reason given by these participants for the lack of investment in developing the skill-levels of their staff was the high taxes and welfare contributions they were mandated to pay. Once these commitments have been satisfied, they claimed, insufficient funds are left over to pay for staff training. An employee of a large firm commented that the number of his colleagues fulfilling skilled roles is small, meaning that the bulk of the workforce at the firm – which are unskilled – do not require training.

Figure 30: In your opinion, how much investment do businesses in Sierra Leone contribute towards human resource development through internal training?



Source: Sierra Leone EESE Survey

While the perception survey did not find a significant divergence of opinion on this issue between respondents from male-owned enterprises and those from female-owned firms, the only KII participants to state that they actively provided internal training were those from women-owned businesses, who stated that all newly-recruited staff receive training at the start of their employment contract. Two participants from agricultural firms stated that their staff regularly received training when necessary, and that they also trained farmers in surrounding villages that participated in their out-grower schemes. Another participant, who works in the tourism sector running a restaurant, also stated that all of her staff have received basic training in hygiene and how to prepare food.

Table 20: How much investment, in your opinion, do businesses in Sierra Leone contribute towards human resource development through external training?

	Small enterprise	Medium enterprise	Large enterprise
Don't Know	20%	30%	18%
Large	13%	0%	0%
Moderate	26%	0%	0%
None at All	14%	0%	9%
Small	28%	70%	73%
Total	100%	100%	100%

Source: Sierra Leone EESE Survey

When asked about investment in human resource development through external training facilitated by businesses in Sierra Leone Sierra Leone EESE Survey 28% of respondents from small enterprises thought this was small, with 26% thinking it was moderate, 20% saying they didn't know, 14% saying there was none at all, and 13% saying it was large. When respondents from medium sized enterprises were asked 70% thought the investment in external training was small while 30% did not know. Similarly for respondents from large enterprises, 73% thought the investment was small with 18% not knowing and 9% of the opinion that there was none at all.

Table 21: To what extent do you think that tertiary and vocational education in this country meets the needs of the business community?

	Small enterprise	Medium enterprise	Large enterprise
Do Not Meet the Needs	17%	0%	9%
Don't Know	5%	0%	0%
Meet All Needs	2%	0%	0%
Meet Some Needs	47%	100%	91%
Meets Most Needs	29%	0%	0%
Grand Total	100%	100%	100%

Source: Sierra Leone EESE Survey

The Sierra Leone EESE Survey also asked about the extent to which respondents thought that TVET met the needs of the business community. 47% of respondents from small enterprises thought that it met some needs, while 29% thought it met most needs, and 17% thought it did not meet the needs. All the respondents from medium sized enterprises, 100%, thought that TVET in Sierra Leone met some needs, as did 91% of respondents from large enterprises.

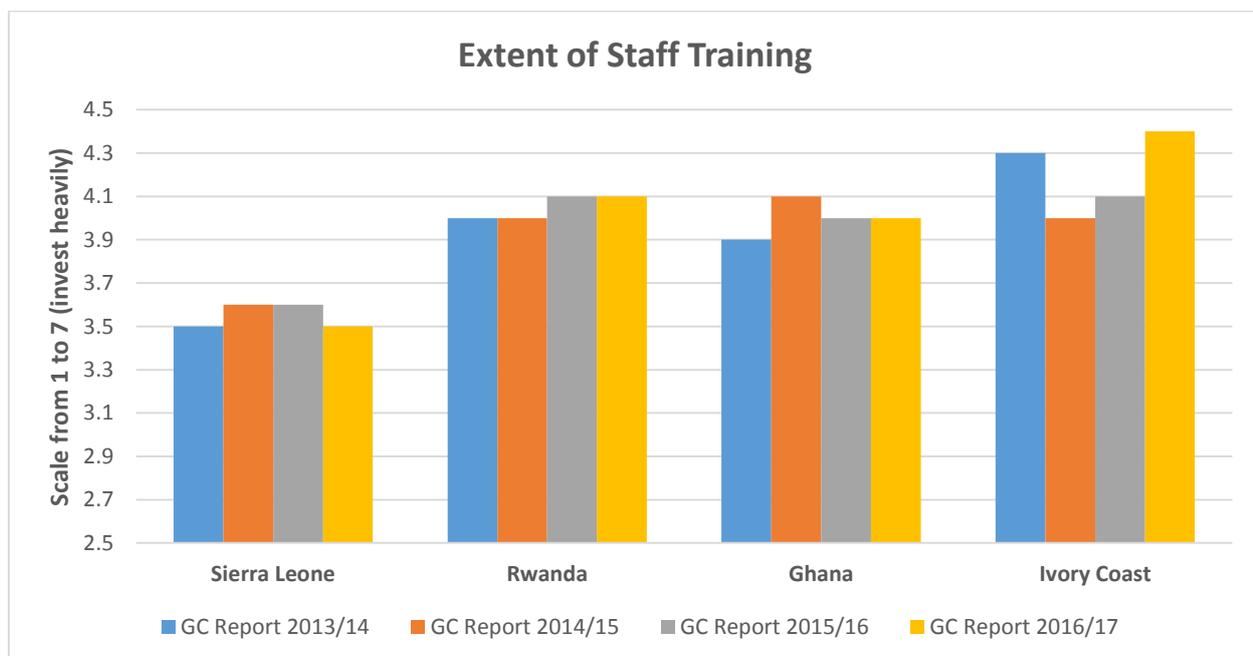
When asked about brain drain, similarly, respondents from small enterprises had a wider range of views than those from medium or large ones. 46% of Sierra Leone EESE Survey respondents from small enterprises viewed brain drain as affecting business in Sierra Leone negatively; 28% thought the effect as somewhat negative, with 12% each thinking it was neutral, or not knowing. 70% of Sierra Leone EESE Survey respondents from medium enterprises thought that the effect was somewhat negative, as did 73% from large enterprises, with the remaining proportion largely neutral on the question.

Data on “Public Spending on Education” is uneven. In 2010 Sierra Leone spent 12.80% of its total GDP on education, with this going up to 15.09% in 2014. Data for subsequent years is not available. In 2015 Rwanda spent 12.49% of its GDP on education, while in 2014 Ghana spent 21.02% and Ivory Coast the highest at 21.17% in 2015.

The “Education Index” measures educational attainment based on the adult literacy rate and the combined primary, secondary, and tertiary gross enrolment ratio on a scale from 0 to 1 with higher values indicating better performance. Over the period 2010-2015, Sierra Leone went from 0.35 to 0.37. Rwanda improved slightly over the same period as well going from 0.40 to 0.43. Ghana went from 0.53 in 2010 to 0.55, and Ivory Coast from 0.38 to 0.42.

The data on “Youth Literacy Rate” for Sierra Leone is available for 2015, where it stood at 67.37% percent of literate people ages 15-24 years. Ivory Coast was the lowest at 50.24% in 2015, while Ghana did best at 90.60% in the same year. Rwanda was at 85.03% youth literacy in 2015.

Graph 18: Extent of staff training



Source: World Economic Forum, The Global Competitiveness Report

The “Extent of Staff Training” indicates whether companies in a country invest little or heavily in training and employee development to attract, train and retain staff, on a scale from 1 to 7 with higher values indicating more investments. In 2016, Sierra Leone registered a rating of 2.5, not having shifted much from previous years. In 2016 Rwanda was at 4.1, Ghana at 4, and Ivory Coast at 4.4.

Key education indicators, selected countries

Key Indicators		2010	2011	2012	2013	2014	2015
<p>Public expenditure on education</p> <p>Public expenditure on education consists of current and capital public expenditure on education plus subsidies to private education at the primary, secondary, and tertiary levels.</p> <p><u>Source:</u> World Bank Databank, World Development Indicators Online⁴⁷.</p>	Sierra Leone	12.80	12.41	14.13	15.20	15.09	
	Rwanda	17.38	15.38	15.92	16.60		12.49
	Ghana	20.94	29.99	36.74	21.21	21.02	
	Ivory Coast	22.77	22.43	20.86	21.57	21.77	21.17
	World	14.33	13.68	14.45	14.13		
<p>Education Index</p> <p>It measures the educational attainment. The Education Index is measured by the adult literacy rate and the combined primary, secondary, and tertiary gross enrolment ratio. The adult literacy rate gives an indication of the ability to read and write, while the gross enrolment ratio gives an indication of the level of education from kindergarten to postgraduate education. It is a weighted average of Adult literacy index (with two-thirds weighting) and the combined primary, secondary, and tertiary gross enrolment ratio (Gross enrolment index [0, 100]) (with one-third weighting).</p> <p><u>Source:</u> UNDP, Human Development Report⁴⁸.</p>		2010	2011	2012	2013	2014	2015
	Sierra Leone	0.35	0.36	0.36	0.37	0.37	0.37
	Rwanda	0.40	0.41	0.43	0.43	0.43	0.43
	Ghana	0.53	0.54	0.55	0.55	0.55	0.55
	Ivory Coast	0.38	0.39	0.39	0.40	0.41	0.42
<p>Extent of staff training</p> <p>The World Economic Forum (WEF) Survey asked the business leaders to provide their expert opinions on the following: "The general approach of companies in your country to human resources is: (1=to invest little in training and employee development, 7=to invest heavily to attract, train, and retain employees)".</p> <p><u>Source:</u> World Economic Forum, The Global Competitiveness Report⁴⁹.</p>		GC Report 2013/14	GC Report 2014/15	GC Report 2015/16	GC Report 2016/2017		
	Sierra Leone	3.5	3.6	3.6	3.5		
	Rwanda	4	4	4.1	4.1		
	Ghana	3.9	4.1	4	4		
	Ivory Coast	4.3	4	4.1	4.4		
<p>Literacy Rate, youth total (% of people ages 15-24)</p> <p>Youth literacy rate is the percentage of people ages 15-24 who can, with understanding, read and write a short, simple statement on their everyday life.</p> <p><u>Source:</u> World Bank Databank, World Development Indicators Online⁵⁰.</p>		2011	2012	2013	2014	2015	
	Sierra Leone	..	..	..	65.72	67.37	
	Rwanda	..	82.33	..	..	85.03	
	Ghana	..	..	..	..	90.60	
	Ivory Coast	..	48.31	..	..	50.24	
	World	..	..	..	..	..

⁴⁷ <http://databank.worldbank.org/data/home.aspx>

⁴⁸ <http://hdrstats.undp.org/en/indicators/default.html>

⁴⁹ <http://www.weforum.org/issues/global-competitiveness>

⁵⁰ <http://databank.worldbank.org/data/home.aspx>

4.3. Social justice and social inclusion

The 2018 International Monetary Fund (IMF) ranking of the economic capacity of the world's nation positions found that Sierra Leone was among the ten poorest countries in the world, with a GDP per capita of USD 505. Approximately 77.5% of Sierra Leoneans live in multidimensional poverty and lack proper education, health services and other basic services (AfDB/OECD/UNDP, 2017). Recurring crises related to civil unrest, health, economic and natural disasters have contributed to existing hardships and poverty. 63% of the population is below the age of 25, making job creation an acute concern (ibid).

On the whole, human development indicators have improved since 1990. Life expectancy has increased by 14 years, mean years of schooling have increased by 1.7 years and expected years of schooling by 4.6 years (UNDP, 2016). The 2018 United Nations Development Program Human Development Index scores Sierra Leone at 0.420. This is an improvement from the previous scores of 0.344 in 2005 and 0.272 in 1990 (ibid). Despite this progress, the 2018 survey places Sierra Leone in position 184 out of 189 countries (UNDP 2018 Statistical Update). The rise of inequalities in education, health and income renders the gains limited, for example only 9.5% of women have reached a secondary or higher level of education, while the figure is 20% for men (AfDB/OECD/UNDP, 2017). In fact, the inclusion of the inequality-adjusted element of the HDI contributes to the plunge of Sierra Leone's HDI score to 0.266 (UNDP, 2018).

The country's GINI coefficient is high, although it has decreased in recent years (AfDB, 2015). The GINI Coefficient measures the extent to which the distribution of income among individuals or households within an economy is equal; it is a measure of statistical dispersion, and is a commonly used measure of inequality. Absolute equality corresponds to a value of 0, whereas absolute inequality is represented by 100. Data for Sierra Leone is available for 2011, when the figure was 33.99. In 2013 Rwanda was at 50.44. Data for Ivory Coast and Ghana is older, in 2008 Ivory Coast was at 43.18, while in 2005 Ghana was at 42.77.

The Gross National Income per capita, reflecting the average income of a country's citizens, has also improved, albeit modestly since 1990, by about 9% (UNDP, 2016). The Gross National Income per capita was USD 582 in 2018 (UN, 2018). Unemployment and underemployment are significant challenges, especially for young people who represent 70% of the unemployed (AfDB, 2015). As estimated 800,000 youth were searching for jobs in 2016 (UNDP, 2016). Poverty still prevails in rural areas and is on the rise.

There is a lack of efficient redistribution of resources in the country, most often at the expense of rural populations (Allouche, 2014). Nearly half of the country's households, 2.5 million people, suffer from seasonal food insecurity and 6.5% of the population- 374,000 people, live in situations of severe food-insecurity (WB, 2013c). This cyclical phenomenon affects agricultural communities in particular, but small traders and unskilled workers also suffer from severe poverty and food insecurity (ibid). In the meantime, economic inequalities are on the rise, at the expense of rural areas which are generally excluded from the benefits of economic growth.

Urban areas, which have a tendency to be overpopulated, are also afflicted with high rates of inequalities and poverty. The civil war sparked a rural exodus which has led to the growth of slums in the country's main cities such as Freetown which has about a fifth of the Sierra Leonean

population (AfDB, 2015). Marginalised, unemployed youth, many of whom were former soldiers with limited education and job prospects, contribute to the rise of gang-violence and crime in urban centres (AfDB, 2015; Allouche, 2014). As in 2013, 77.5% of the population lived in multi-dimensional poverty, where their education, health and living standards situations were well below the basic requirements (UNDP, 2016). A further 14.6% of the population was at risk of falling into multi-dimensional poverty, which left only a small fraction of the population not affected (ibid).

Sierra Leone adopted the United Nations Convention on the Elimination of All Forms of Discrimination Against Women in 1988, as well as its optional protocol in 2000. However, due to structural weaknesses inherited from the civil-war, the government is yet to ratify a constitutional amendment to address gender prejudice enshrined in the legislation (GoSL, 2013b). A cultural shift with regards to the role of women in society is required to trigger further regulatory and institutional changes (Fortune and Bloh, 2016). The Ministry of Social Welfare, Gender and Children's Affairs (MoSWGCA) is in charge of coordinating and implementing the national gender equality strategy and related programs. Funding and technical capacity constraints have limited MoSWGCA's ability to effectively carrying out its mandate (ibid).

Gender inequality is a pervasive issue in Sierra Leone. The "Gender Inequality Index" (GII) measures the loss due to inequality in achievements in health, empowerment and the labour market. Values range from 0, reflecting perfect equality, to 1, reflecting total inequality. The UNDP's 2018 Gender Inequality Index accords Sierra Leone a scores 0.645, translating to a ranking of 150 out of 189 countries (UNDP, 2018).

Enrolment of females to educational institutions is low, with girls representing only 37% of secondary school pupils in 2011. As a consequence of these low female enrolment rates, 73% of Sierra Leonean women were designated as illiterate in 2011 (UNDP, 2011). Despite a female labour participation rate of 65% (near equivalent to that of men at 68.6%), the representation of women in the formal workforce, and most especially in leadership roles is limited (UNDP, 2016). As of 2011, women represented only one in ten senior civil servants in 2011. In fact, women and youth representation in government, and most especially in a decision-making capacity, is marginal (Fortune & Bloh, 2016).

Gender-based violence (GBV) is prevalent in the country despite governmental efforts to reduce it (Amnesty International, 2017). As part of the strategy of the GoSL to reduce GBV- the National Referral Protocol on GBV, several justice sector staff were trained in handling such cases. Saturday Courts were also introduced to fast-track procedures for GBV-related cases (HRCSL, 2015). This strategy may bring results since although guaranteed by law, access to justice is not always efficient for the most vulnerable categories (AfDB, 2013a).

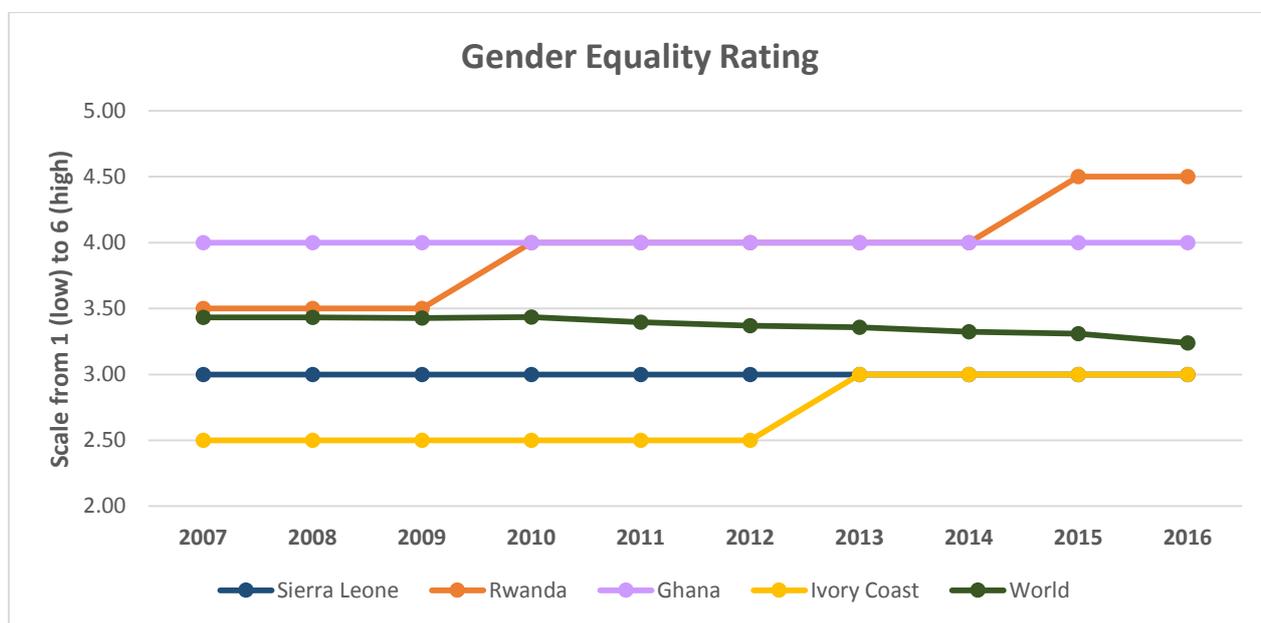
Sierra Leone has also reported some of the highest levels of Female Genital Mutilation (FGM) in the world (The Lancet, 2018). The 2013 Demographic Health Survey indicates that 89.6% of women aged 14-49 had been subjected to FGM. Despite the ban of FGM in 2014, the practice remains common place, and prosecutions are often not carried to conclusion (ibid).

The "Gender-related Development Index" measures average achievements in a long and healthy life, knowledge and a decent standard of living, adjusted to account for inequalities

between men and women. Higher values indicate a better situation. Sierra Leone has not improved its index very much in the last five years, going from 0.86 to 0.872 between 2011 and 2017 (UNDP, 2018). In 2015 Rwanda was at 0.99. Ghana remained around 0.90, and Ivory Coast around 0.81.

The “Gender Equality Rating” from the World Bank measures the extent to which a country has implemented institutions and programmes to enforce laws and policies aimed at promoting equal access for men and women to education, health, the economy, and legal protection. The rating is done on a scale from 1 to 6, with higher values indicating better performance. On this indicator Sierra Leone stayed at 3, with no changes for over a decade. In 2016 Rwanda was at 4.5, Ghana was at 4.00 and Ivory Coast at 3.00.

Graph 19: Gender equality rating



Source: World Bank Group Databank, World Development Indicators Online

Key inequality indicators, selected countries

Key Indicators						
<p>GINI coefficient</p> <p>The GINI index measures the extent to which the distribution of income (or, in some cases, consumption expenditure) among individuals or households within an economy deviates from a perfectly equal distribution. A value of 0 represents absolute equality, a value of 100 absolute inequality.</p> <p><u>Source:</u> World Bank, Development Research Group. Data are based on primary household survey data obtained from government statistical agencies and World Bank country departments⁵¹.</p>		2005	2008	2010	2011	2013
	Sierra Leone			..	33.99	
	Rwanda	52.04		51.34	..	50.44
	Ghana	42.77				
	Ivory Coast		43.18			
<p>Gender-related Development Index (GDI)</p> <p>A composite index measuring average achievement in the three basic dimensions captured in the human development index – a long and healthy life, knowledge and a decent standard of living—adjusted to account for inequalities between men and women.</p> <p><u>Source:</u> UNDP Human Development Report⁵².</p>		2000	2013	2014	2015	
	Sierra Leone	0.80	0.87	0.87	0.87	
	Rwanda	0.99	1.00	1.00	1.00	0.99
	Ghana	0.85	0.90	0.90	0.90	0.90
	Ivory Coast	0.74	0.80	0.81	0.81	
The lower the value, the more heavily a society is penalized for having inequalities.						
<p>Gender Equality Rating</p> <p>Gender equality rating assesses the extent to which the country has installed institutions and programmes to enforce laws and policies that promote equal access for men and women in education, health, the economy, and protection under law (1=low to 6=high).</p> <p><u>Source:</u> World Bank, Development Indicators Online⁵³.</p>		2013	2014	2015	2016	
	Sierra Leone	3.00	3.00	3.00	3.00	
	Rwanda	4.00	4.00	4.50	4.50	
	Ghana	4.00	4.00	4.00	4.00	
	Ivory Coast	3.00	3.00	3.00	3.00	
<p>Gender Inequality Index (GII)</p> <p>The Gender Inequality Index is a composite index measuring loss in achievements in three dimensions of human development—reproductive health, empowerment and labour market, due to inequality between genders.</p> <p><u>Source:</u> UNDP, Human Development Report⁵⁴.</p>		2012	2013	2014	2015	
	Sierra Leone	0.66	0.66	0.65	0.65	
	Rwanda	0.42	0.41	0.39	0.38	
	Ghana		0.55	0.55	0.55	
	Ivory Coast	0.67	0.67	0.67	0.67	
Values range from 0 (perfect equality) to 1 (total inequality).						

⁵¹ <http://databank.worldbank.org/data/home.aspx>

⁵² <http://hdr.undp.org/en/reports/>

⁵³ <http://databank.worldbank.org/data/home.aspx>

⁵⁴ <http://hdr.undp.org/en/reports/>

4.4. Adequate social protection

Providing residents with access to social protection benefits such as medical care, and income protection in relation to sickness, unemployment, old age, employment injury, invalidity, maternity as well as family benefits and survivor's benefits are key inputs to reduce vulnerability, as well as to improve national productivity. Protecting the workers' health and safety at the workplace is also vital for the development of sustainable enterprise and productivity gains.

According to the ILO, Sierra Leone ranks among the countries classified as having "very high vulnerability" with respect to social protection vulnerability indicators (ILO, 2015)⁵⁵. The determination of vulnerability takes into account national levels of poverty as well as the extent of the informal economy. Sierra Leone has ratified only two of the ILO Conventions relating to social protection, namely the C017 on Workmen's Compensation (Accidents) and the C019 on Equality of Treatment (Accident Compensations). Much is yet to be done to bring the country into compliance with the principles and objectives of these conventions, including an overhaul of the 1960 Workmen's Compensation Act. The ILO's C102 on Minimum Standards of Social Security has not been ratified.

There is need in Sierra Leone for a robust social protection floor as supported by a comprehensive social protection system, as large sections of the population have no coverage. The government currently spends about 1.5% of the GDP on social protection, excluding health (ILO, 2017). There is a high reliance on external funding support to drive the social protection agenda, with as high as 85% of the cumulative budget being sourced from donors (DTCIDC, 2015/ ILO, 2017). The EVD crisis was a brutal reminder of the fact that social protection systems are essential. As a consequence, the government has since made social protection one of its main concerns in its Post-Ebola Recovery Strategy. The government has since increased its social protection allocations. Under the 2014 Budget, SLL 7.6 billion was allocated to the Ministry of Social Welfare, Gender and Children's Affairs to support various social protection services including grants to welfare institutions, the Disability Commission, nutrition for 21 Approved Schools and Remand Homes, and social development programmes (AfDB/OECD/UNDP, 2017)⁵⁶.

The National Social Protection Policy 2011 defined specific outcomes and priority intervention areas, with the Sierra Leone tripartite partners being involved in this policy-making process. The National Social Protection Strategy and an Implementation Plan were introduced in 2015 to provide better coordination between the existing programmes as well as to strengthen government's monitoring capacities (DTCIDC, 2015). The National Commission of Social Action (NaCSA) plays a central coordination and implementation role in the national social protection system. The four pillars of NaCSA are social and economic development; humanitarian support; community development (especially rural); and social protection (GoSL, 2015). In 2015 NaCSA launched the Social Safety Nets Scheme and Social Protection Strategy which disbursed quarterly cash transfers to over 51,000 extremely poor households across ten districts (ibid). In 2016/17 21,083 households benefited from this scheme (across four districts), whilst 22,927 are expected to benefit in 2018 (GoSL, 2015). In a bid to further strengthen the Sierra Leone social protection floor, the Government has in 2018, issued a revised National Social Protection Policy⁵⁷.

⁵⁵ https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_146566.pdf

⁵⁶ The Sierra Leone Social Protection Policy 2018 (p. 10-12) provides an overview of the programmes that are being implemented.

⁵⁷ The objectives of the social protection policy are outlined in the Sierra Leone Social Protection Policy 2018 (page vi – xii).

A contributory public social security pension scheme has been established through the National Social Security and Insurance Trust (NASSIT) Act of Parliament enacted in 2001, to provide income in case of old-age, disability and death (payable to the member's survivors). The NASSIT Act mandates compulsory participation by the formal sector, whilst participation by the informal sector is on a voluntary basis. The coverage rates provided by NASSIT remain relatively low with only 0.9% of the population having old-age income protection, as compared to Sub-Saharan Africa with a coverage rate of 22.7%, and 29.6% in the rest Africa (ILO, 2017).

Between 2011 and 2014, the number of NASSIT members grew by almost 25%. The formal private sector constitutes the bulk of membership at 61% (ibid). Efforts are ongoing to increase informal sector participation in the NASSIT program. These efforts include partnering with the informal workers associations on joint assessment and advocacy campaigns. In 2015, a national study was conducted to assess the perception and willingness among informal sector workers to make social security contributions, as well as to assess options for extending coverage of social security to informal sector workers.

A follow up to this study has been a review of the National Social Security and Insurance Trust Act (2001), which is currently ongoing. The review includes an operational analysis for extending coverage of social security to informal sector workers. The SLLC and the Ministry of Social Security have also called for a review of the Social Health Insurance Scheme.

Sierra Leone suffers from an acute health care staff and infrastructure deficit, worsened by EVD and civil war. Prior to the EVD outbreak, there were 1.88 workers for every 10,000 people (WHO, 2017). As at 2011, Sierra Leone had the highest rate of "out-of-pocket payments" for healthcare (75%) in the region (ILO, 2014), with most health services in Sierra Leone run by NGOs. In 2010, the government established the Free Health Care Initiative (FHCI), a universal system for pregnant and breastfeeding women and children under five, providing free health care services (DTCIDC, 2015). The FHCI has since contributed to a decline in the maternal mortality ratio. Pre FHCI, the ratio stood at 1,600 deaths per 100,000 live births in 2005, reducing to 1,100 in 2013 (AfDB/OECD/UNDP, 2017). The FHCI program was also found to reduce differences in the mortality ratios between low and high-income households (Witter, 2016). In a bid to improve the access to quality and affordable health care, the government has in February 2018, introduced a social health insurance scheme, under NASSIT's administration. The scheme will initially provide primary health care cover, with benefits to be gradually scaled up thereafter (Xinhuanet, 2018).

With respect to maternity protection, Sierra Leonean women must receive full wages for a minimum of 84 days as per Article 14 of the Service Trade Group Collective Agreement 2010 (WB, 2017a). The law also provides five paid sick leave for all employees. The Workmen's Compensation Act (1960), as administered by the MLSS, provides a compensation mechanism for work place injuries, albeit limited to the formal sector. Given the low levels of formalisation, the majority of workers do not benefit from maternity or paternity protection nor sick leave⁵⁸. There is no insurance system to provide protection against unemployment (WB, 2017a).

⁵⁸ http://wbgfiles.worldbank.org/documents/hdn/ed/saber/supporting_doc/CountryReports/ECD/SABER_ECD_SierraLeone_CR_Final_2013R.pdf

Sierra Leone has run several cash transfer initiatives under the National Social Safety Net (SSN) Programme which was launched in 2004 by a Cabinet resolution. The SSN aims to ensure that the poor elderly and the most vulnerable populations of Sierra Leone have at least a minimum income and access to basic services such as health and housing. It was initially managed by the Ministry of Labour and Social Security. The SSN provides a social cash transfer to identifiable vulnerable groups in society, especially those aged 60 years and above with no regular income or support, and who are unable to undertake any form of economic activity (WB, 2013c). A two-year SSN pilot programme was implemented in 2007-2008. It reached just under 17,000 elderly persons who received monthly transfers of SLL 33,000 (WB, 2013c). The program resumed again in 2012, with limited funding. It was only able to reach about 5,000 individuals with one-off transfer of SLL 112,000 (ibid). A more recent SSN has been sponsored by the World Bank and the Ebola Recovery and Reconstruction Trust Fund. It has reached 30,453 beneficiaries, 90% of which were women (Rosas Raffo, 2017). The current SSN is under the administration of NACSA, and is due to run until mid-2019. It provides quarterly transfers expected to cover about 15% of the monthly food expenditure of a household⁵⁹ (ibid).

The coverage rate of existing social protection programs in Sierra Leone is low. The sustainability of social assistance schemes is largely subject to donor funding. Contributory social security plans is limited to the formal sector, wherein there are incidences of contribution evasion by some employers. There is a compelling and urgent need to improve the effectiveness and sustainability of existing schemes, as well as to expand cover to the informal sector to ensure the robustness of small and medium enterprises.

Key health indicators, selected countries

Key Indicators	2013	2014	2015	2016
General Government Final Consumption Expenditure (% GDP)				
General government final consumption expenditure includes all government current expenditures for purchases of goods and services (including compensation of employees). It also includes most expenditures on national defence and security, but excludes government military expenditures that are part of government capital formation. Source: World Bank national accounts data, and OECD National Accounts data files Source: World Bank national accounts data, and OECD National Accounts data files ⁶⁰ .				
Sierra Leone	8.71	7.15	10.25	10.42
Rwanda	13.53	15.08	14.67	15.19
Ghana	19.92	17.98	19.16	17.68
Ivory Coast	12.74	12.33	14.34	14.21
World	17.15	17.03	17.07	
Public expenditure on health (per cent of GDP)	2011	2012	2013	2014
Public health expenditure consists of recurrent and capital spending from government (central and local) budgets, external borrowings and grants (including donations from international agencies and nongovernmental organizations), and social (or compulsory) health insurance funds. Source: World Health Organization National Health Account database (www.who.int/nha/en) supplemented by country data ⁶¹ .				
Sierra Leone	2.65	1.98	1.69	1.88
Rwanda	2.81	2.84	2.93	2.87
Ghana	3.58	3.14	3.24	2.13
Ivory Coast	1.64	1.89	1.80	1.68
World	5.97	5.94	5.92	5.99

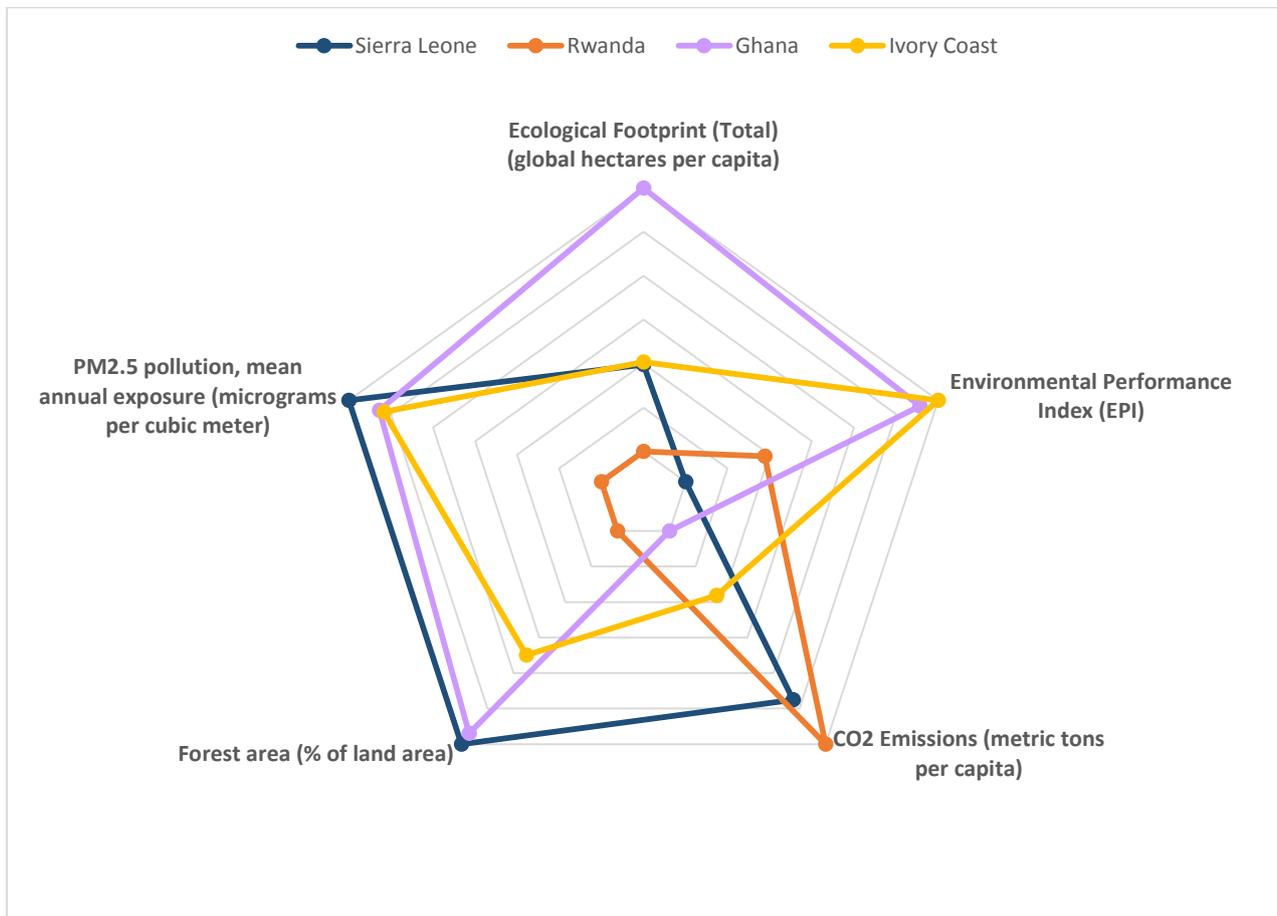
⁵⁹ Transfer amounts were reviewed to meet inflation rates (Rosas Raffo, 2017).

⁶⁰ <http://data.worldbank.org/data-catalog/world-development-indicators>

⁶¹ <http://databank.worldbank.org/data/home.aspx>

5. Environmental elements

Indicators assessing environmental elements of an enabling environment for sustainable enterprises



Note: the values for the individual indicators have been harmonized for better presentation and formatted so that the further from the centre a data point is, the better the country's performance in that regard. The original indicator values are included in the chapters.

- Natural resource management systems and national governance frameworks need to be strengthened to promote sustainable management and use of natural resources at national and local levels.
- It is expected that in the future, Sierra Leone will come to suffer substantially from climate change, most particularly because of its coastal location.
- Sierra Leone is naturally endowed with non-renewable and renewable resources such as minerals, oil, gas, water, arable land and forests.
- 70% to 90% of Sierra Leone's land was originally covered in forests and the impact of colonisation and the civil war have been destructive.
- Forests are mainly threatened by the need for land of the agricultural sector.
- Agricultural land has expanded by 46% since 1990.
- The country's Biodiversity Strategy was adopted in 2003 and as of 2013, 180,000 hectares of land had been defined as conservation areas for biodiversity and watershed.
- Sierra Leone is a large producer of palm oil which has come under much criticism in recent years due to the damaging environmental impact of its cultivation.
- In 2010, the country ranked last in the Environmental Performance Index at 163rd following substantial deterioration as a result of the war.

5.1. Responsible stewardship of the environment

Sierra Leone is a member of the UN Framework Convention on Climate Change, and of the Least Developed Countries Group within this compact. It is expected that in the future, Sierra Leone will come to suffer substantially from climate change, most particularly because of its coastal location. Increased and forceful instances of cholera outbreaks may be common, and the fishing sector may be negatively impacted by the effects of global warming on oceans (Irish Aid, 2015).

In August 2017, hundreds of people perished and thousands were displaced by flooding and a mudslide in the town of Regent, a mountain settlement outside of Freetown. This natural catastrophe can be partly imputed to Freetown's coastal location and heavy rainfalls. Migration from rural areas has also contributed to the rapid expansion of settlements on the outskirts of Freetown, in areas not necessarily fit for purpose.

Sierra Leone is naturally endowed with non-renewable and renewable resources such as minerals, oil, gas, water, arable land and forests (AfDB, 2013b). These resources and the country's environment have suffered greatly. In 2010, the country ranked last in the Environmental Performance Index (EPI), 163rd, following substantial deterioration as a result of the war. That year, Sierra Leone scored particularly low in terms of "Environmental Health", related to the repercussions of environmental damages on the population's health (UNEP, 2010). In 2016, Sierra Leone still ranked poorly in this specific area. The country improved its EPI performance by 12.51% over a decade and ranked 1st (out of 180 countries) in terms of agriculture (indicators on the use of nitrogen) and 2nd in fisheries (EPI, 2016). Nowadays, about 30% of the energy produced in Sierra Leone is renewable (AfDB, 2014).

70% to 90% of Sierra Leone's land was originally covered in forests and the impact of colonisation and the civil war have been destructive (UNEP, 2010). Forest lands have decreased by 13% between 1990 and the early 2010s (AfDB, 2014). Nowadays, forest land is thought to represent around 40% of the country's terrain, with over half of this share being located into reserves or conservation territories (UNEP, 2010). A modest share of the latter hosts biodiversity and watershed conservation projects and sustainable timber production activities (AfDB, 2013b). The forest legislation is outdated (1988) and it is the Forest Policy of 2010 which defines priorities as "the three Cs": conservation, communities and commercial forestry (ibid).

At present, forests are mainly threatened by the need for land of the agricultural sector. Agricultural land has expanded by 46% since 1990 (AfDB, 2014). In addition, 95% of the population relies on charcoal but also firewood for energy (UNEP, 2010). Finally migration from rural areas and the expansion of urban centres contributes to deforestation to allow for additional residential areas to be constructed (ibid).

The biodiversity in Sierra Leone is abundant but 131 different species are currently at risk of extinction (AfDB, 2014). Agricultural development, deliberate destruction of savannah areas, mismanagement of timber exploitation and hunting of bush meat are the main threats to biodiversity. The country's Biodiversity Strategy was adopted in 2003 and as of 2013, 180,000 hectares of land had been defined as conservation areas for biodiversity and watershed (AfDB, 2013b). International

donors and NGOs are involved in this area, most notably the Global Environment Facility which lent USD 6 million to the Biodiversity Conservation Project launched in 2013 (ibid).

Sierra Leone's governance framework in terms of environmental governance was set by the Environmental Protection Act of 2000. It was followed by the establishment of the National Commission for Environment and Forestry in 2005. Institutional confusion over its governance strategy led to its disintegration three years later (UNEP, 2010). Further legislation was introduced in 2008 with the Environmental Protection Agency Act which provided for the establishment of the Sierra Leone Environmental Protection Agency (EPA) that same year (ibid).

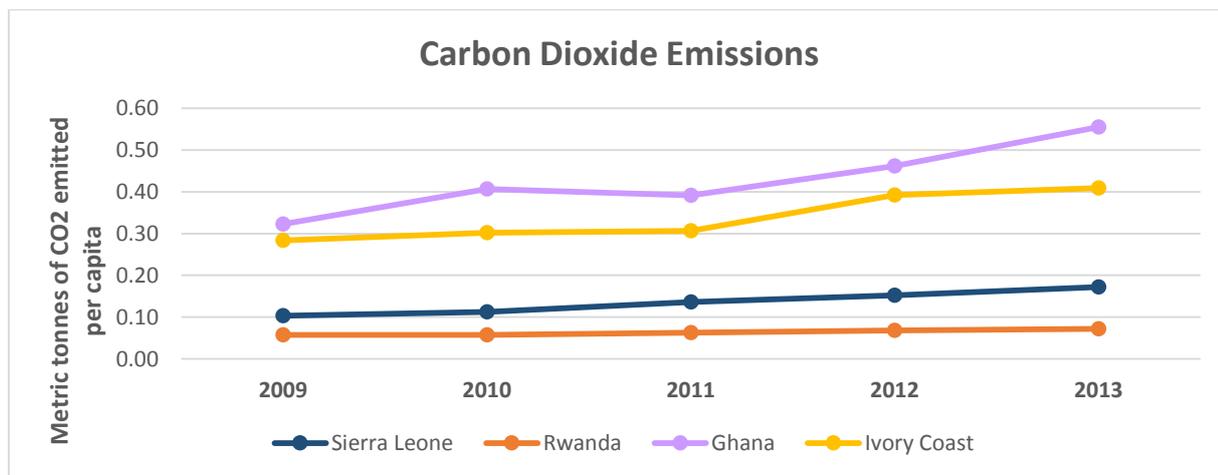
Since 2008, the EPA has actively advocated against unlawful deforestation, farming and mining in protected forest territories so as to preserve the country's forest land and biodiversity. In 2012 the National Protected Area Authority was given responsibility for the monitoring and management of national parks and protected areas (AfDB/OECD/UNDP, 2017). The Ministry of Lands, Country Planning and Environment plays a pivotal role in Sierra Leone's green growth strategy. It oversees the Environmental Protection Agency which regulates activities likely to damage the environment.

The second pillar of the Agenda for Prosperity: 2013-2018 is the sustainable management of natural resources. Within this framework, the GoSL plans to undertake a large-scale inventory of the country's natural resources to come up with a sustainable exploitation strategy; create a Transformation Development Fund to finance the transition to green growth; develop a new forest management policy; foster sustainable energy production alternatives to wood and charcoal; reinforce fishing and mining regulations and implement the existing legislation; etc. (AfDB, 2014).

Sierra Leone is a large producer of palm oil which has come under much criticism in recent years due to the damaging environmental impact of its cultivation. Under the second pillar of the Agenda for Prosperity and the overarching environmental protection program of the GoSL, several private sector, multi-stakeholders initiatives have emerged with respect to environmental issues in this sector.

Sierra Leone emitted 0.17 metric tons of CO₂ per capita in 2013, which means that the negative environmental impact of this country in this regard is rather low, especially if compared to the world average of 4.99 the same year. Out of comparison countries the lowest emissions were registered by Rwanda amounting to 0.07 metric tons of CO₂ in 2013, and the highest were from Ghana at 0.55 metric tonnes in the same year.

Graph 20: Carbon dioxide emissions

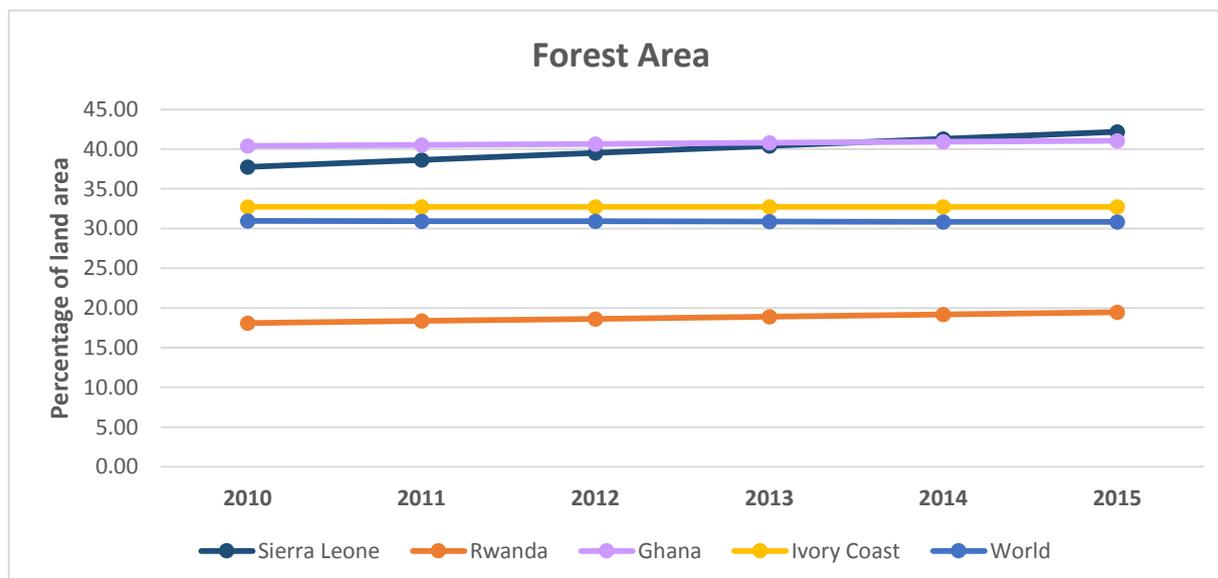


Source: World Bank Databank, World Development Indicators Online

When looking at PM2.5 air pollution, and the levels of population exposed to levels exceeding the WHO guideline, which looks at the percent of the population exposed to ambient concentrations of PM2.5 Sierra Leone performed better than all three other comparison countries at 19.30% of the population exposed. In comparison in 2015 Rwanda was at 49.71%, Ghana at 22.99% and Ivory Coast at 23.53%.

Sierra Leone's forest area as a percentage of land area was at 42.17% in 2015. In the same year Rwanda was at 19.46%, Ghana was at 41.03% and Ivory Coast was at 32.71%.

Graph 21: Forest area as a percentage of land area



Source: The World Bank Databank, World Development Indicators

Key environmental indicators

Key Indicators							
<p>Environmental Performance Index (EPI)</p> <p>The Environmental Performance Index (EPI) is constructed through the calculation and aggregation of 20 indicators reflecting national-level environmental data tracked across six established policy categories: Environmental Health, Air Pollution, Water Resources, Biodiversity and Habitat, Productive Natural Resources, and Climate Change. The EPI identifies broadly-accepted targets for environmental performance and measures how close each country comes to these goals.</p> <p>Source: Yale Center for Environmental Law and Policy (http://epi.yale.edu/downloads)</p>	2014		2016				
	Sierra Leone	21.74	45.98				
	Rwanda	35.41	50.34				
	Ghana	32.07	58.89				
	Ivory Coast	39.72	59.89				
	Performance score from 0 to 100. The higher a country's EPI score, the better positioned it is to maintain favourable environmental conditions into the future						
<p>CO2 emissions (metric tons per capita)</p> <p>Carbon dioxide emissions are those stemming from the burning of fossil fuels and the manufacture of cement. They include carbon dioxide produced during consumption of solid, liquid, and gas fuels and gas flaring.</p> <p>Source: Carbon Dioxide Information Analysis Centre, Environmental Sciences Division, Oak Ridge National Laboratory, Tennessee, United States (World Development Indicators Online)⁶².</p>	2008	2009	2010	2011	2012	2013	
	Sierra Leone	0.11	0.10	0.11	0.14	0.15	0.17
	Rwanda	0.06	0.06	0.06	0.06	0.07	0.07
	Ghana	0.39	0.32	0.41	0.39	0.46	0.55
	Ivory Coast	0.35	0.28	0.30	0.31	0.39	0.41
	World	4.74	4.63	4.83	4.97	5.00	4.99
<p>Forest area (per cent of land area)</p> <p>Forest area is land under natural or planted stands of trees of at least 5 meters in situ, whether productive or not, and excludes tree stands in agricultural production systems (for example, in fruit plantations and agroforestry systems) and trees in urban parks and gardens.</p> <p>Source: Food and Agriculture Organization, electronic files and web site. (World Development Indicators Online)⁶³.</p>	2010	2011	2012	2013	2014	2015	
	Sierra Leone	37.77	38.65	39.53	40.41	41.29	42.17
	Rwanda	18.08	18.35	18.63	18.91	19.18	19.46
	Ghana	40.41	40.54	40.66	40.78	40.91	41.03
	Ivory Coast	32.71	32.71	32.71	32.71	32.71	32.71
	World	30.95	30.93	30.90	30.88	30.85	30.83
<p>PM2.5 air pollution, population exposed to levels exceeding WHO guideline value (% of total)</p> <p>Percent of population exposed to ambient concentrations of PM2.5 that exceed the WHO guideline value is defined as the portion of a country's population living in places where mean annual concentrations of PM2.5 are greater than 10 micrograms per cubic meter, the guideline value recommended by the World Health Organization as the lower end of the range of concentrations over which adverse health effects due to PM2.5 exposure have been observed.</p> <p>Source: World Bank Development Indicators (World Development Indicators Online)⁶⁴.</p>	2010	2011	2012	2013	2014	2015	
	Sierra Leone	25.33	27.34	27.33	25.09	22.11	19.30
	Rwanda	44.42	49.16	52.83	53.81	51.91	49.71
	Ghana	27.39	29.85	31.10	27.53	25.38	22.99
	Ivory Coast	28.59	31.81	33.17	28.79	26.29	23.53
	World	41.84	41.82	42.39	42.86	43.40	43.98

⁶² <http://data.worldbank.org/data-catalog/world-development-indicators>

⁶³ Ibid.

⁶⁴ Ibid.

6. Assessment results and ways forward

The final results of the overall assessment on an enabling environment for sustainable enterprises in Sierra Leone, based on primary and secondary data, workshop discussions, interviews with national stakeholders and a thorough literature review, indicate that there is space for improving the situation in all of the 17 conditions. There have been improvements in terms of the introduction of new collective bargaining agreements, and the resilience of the GDP growth rate, following recent crises, is encouraging.

In order to focus attention and concentrate efforts toward a deep analysis of emerging issues, some of the 17 conditions were prioritized by tripartite constituents at the consultative workshop held in July 2017 in Freetown. These areas were perceived as those where interventions for improvement are most needed. To learn more details on those priority issues, a perception survey was organized and focused on only those areas. The selected conditions are as follows: (i) Respect for universal human rights and international labour standards; (ii) Sound and stable macroeconomic policy and good management of the economy; (iii) Trade and sustainable economic integration; (iv) Enabling legal and regulatory environment; (v) Rule of law and secure property rights; (vi) Information and communication technologies; (vii) Access to financial services; (viii) Physical infrastructure; (ix) Entrepreneurial culture; (x) Education, training and lifelong learning. The preliminary findings of the EESE assessment were presented, discussed and validated at a tripartite workshop held in Freetown in October 2018. Below is an overview of the main findings and issues that have been identified:

- **Peace and political stability:** A self-assessment to measure fragility found that Sierra Leone is well into the transition phase, midway between a critical solution and better resilience. Yet this progress has not gone hand in hand with inclusive economic development.
- **Good governance:** Corruption is found to be a major challenge to good governance, despite various measures to address it. This may hinder the country's ability to channel donor funds.
- **Social Dialogue:** The right to collective bargaining is provided by law, yet only a minority of the employees surveyed mentioned that workplaces have union or employee representatives. Collective bargaining agreements cover workers in the formal sector.
- **Respect for Universal Human Rights and International Labour Standards:** Sierra Leone has ratified all of the ILO's fundamental conventions. There is a deficit of labour related legislation, and the majority of interviewed enterprises expressed that the labour law is generally not, or only partially respected, yet a review of the labour law is on-going. A number of respondents employed in larger firms suggested that, while they are happy to be employed, they are dissatisfied with pay and conditions.
- **Sound and Stable Macroeconomic Policy and Good Management of the Economy:** GDP growth has recovered in 2016 after the two-digit negative growth in 2015 resulting from a drop in iron ore prices. Non-mining activities have to be developed further to reduce the impact of fluctuating mineral export revenues.
- **Trade and Sustainable Economic Integration:** Sierra Leone has begun to tighten its import trade policies and has instituted additional taxes and tariffs in its new budget. Overall, the country's trade ability is weak, most particularly at the regional level. Imports outweigh exports in areas such as fuel, food items such as rice (in 2016), second-hand vehicles and clothing. The Sierra Leone Investment and Export Promotion Agency (SLIEPA) focuses on global trade rather than trans-border or regional trade. The majority of small firms (58%)

indicated that the efficiency of the customs authorities in terms of processing imports and exports was either poor or very poor.

- **Enabling Legal and Regulatory Environment:** Specific measures have been adopted in support of SMEs. These include, among others (i) the creation of SME Development Agency; (ii) online platform to streamline cross-border trade procedures (yet being updated); and (iii) one-stop shops and reforms to streamline enterprise registration procedures. Work remains to be done to simplify taxes for SMEs and in the area of trade. Survey respondents think that the regulatory environment is less favourable to SMEs than to large companies. Reforms are undermined by a lack of institutional coordination, overlaps of government agencies' goals, delayed disbursement of government resources and unpredictable donor support. Small entrepreneurs are mainly affected by low market demand, taxation and high costs of inputs and services. Paying taxes and social contributions was mentioned by all medium enterprise respondents and most large enterprise respondents as the main barrier to formalize.
- **Access to finance:** The Central Bank of Sierra Leone has made several strides to increase access to finance, notably in the areas of financial inclusion, digital finance, establishment of a credit reference bureau and the establishment of the collateral register. Despite these measures, access to credit is still a major challenge for businesses, particularly in Western Province, whereby agricultural MSMEs are most excluded by banks.
- **Rule of law and secure property rights:** Physical property rights are poorly protected, and despite several government initiatives to improve the justice system, the population perceives the justice system as being corrupt.
- **Fair competition:** SMEs face challenges to access public tenders. Several policies and measures to include small enterprises in local markets have been designed, and public procurement mechanisms must give preference to local suppliers in the introductory and final bidding stages. However, many SMEs considered public bidding processes to be "unfair", and did not believe that domestic enterprises benefited from preferential treatment.
- **Information and Communication Technologies:** Mobile network connectivity has expanded greatly in recent years, yet internet usage remains much less developed. ICTs remain extremely costly, most particularly broadband connections.
- **Physical infrastructure:** Despite of numerous investments in the transport and communication sectors, most businesses consider physical infrastructure to be a challenge. Some respondents commented that roads in Freetown have significantly improved. Yet road quality in the provinces was viewed as problematic.
- **Entrepreneurial culture:** High rates of youth under or un-employment call for the development of an entrepreneurial culture. Yet young people prefer a wage job. The main reasons preventing young people from starting a business are lack of access to appropriate funding; lack of information on how to start a business; lack of skills and training; preference for wage jobs; and unsuitable education system.
- ▶ **Education, training and life-long learning:** Most employers mention that overall, Sierra Leone's work force does not have the necessary skills, whereas Technical Vocational Education and Training (TVET) centres are unable to adapt to the needs of the private sector.
- ▶ **Social justice:** Social exclusion in terms of poverty, gender discrimination and gender-based violence persist. An estimated 2.5 million people suffer from seasonal food insecurity.

- ▶ **Social protection:** The coverage rate of existing social protection programs in Sierra Leone is low, whereas the sustainability of social assistance schemes is largely subject to donor funding. Contributory social security plans are limited to the formal sector, wherein there are incidences of contribution evasion by some employers. There is a need to improve the effectiveness and sustainability of existing schemes, as well as to expand cover to the informal sector.
- ▶ **Responsible Stewardship of the Environment:** Sierra Leone is performing better than the comparison countries in terms of forest land, yet forests are threatened by the need for land of the agricultural sector. Its coastal location makes Sierra Leone vulnerable to climate change.
The Environmental Protection Agency (EPA) has actively advocated against unlawful practices to preserve the country's forest land and biodiversity.

It was agreed that efforts to improve the business environment should be concentrated on the areas that are key for the ILO constituents, and are not the focus of actions already being undertaken by national stakeholders and international donors.

Therefore, the following priorities have been identified:

- **Enabling legal and regulatory environment:** Enhance the relevance of policies, laws and frameworks on SME development while also improving coordination.
- **Education, training and life-long learning:** Enhance the relevance of the education system by aligning it more with market needs.
- **Access to finance:** Strengthen the legal and regulatory framework to enhance access to affordable and relevant finance for small enterprises.

An action plan with specific outputs stemming from outcomes linked to priority areas and key stakeholders for action has been drafted by tripartite participants. The action plan will be finalized following the launch of this final EESE report in early 2019 in the presence of high-level policy makers and organised business and labour. The implementation of the action plan will address the main issues emerging from this assessment and will contribute to the improvement of the enabling environment for sustainable enterprises in Sierra Leone.

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